

	The Welsh NHS Confederation response to the Finance Committee's inquiry into the Welsh Government's Draft Budget Proposals 2020/21.
Contact:	Callum Hughes, Policy and Public Affairs Officer, Welsh NHS Confederation Callum.Hughes@welshconfed.org Tel: 02920 349850
Date created:	1 October 2019

Introduction

1. The Welsh NHS Confederation welcomes this opportunity to respond to the Finance Committee's inquiry into the Welsh Government's Draft Budget Proposals 2020/21. This response has been developed through collaborating with NHS Wales Executive Directors of Finance.
2. The Welsh NHS Confederation represents the seven Local Health Boards, the three NHS Trusts in Wales and Health Education and Improvement Wales (HEIW). We support our members to improve health and wellbeing by working with them to deliver high standards of care for patients and best value for taxpayers' money. We act as a driving force for positive change through strong representation and our policy, influencing and engagement work.

Terms of Reference

a) What, in your opinion, has been the impact of the 2019-20 Budget?

3. The Welsh Government 2019/20 budget provided additional support to NHS Wales in recognising the need to respond to and implement the requirements of several legislative and good practice objectives. The Health Foundation report *The Path to Sustainability* identified a NHS funding requirement of 3.2% and a saving requirement of 1% to support organisations in maintaining a sustainable level of service to meet demand on the system.
4. NHS Wales organisations welcome the additional funding provided by Welsh Government to meet the funding gap and the Agenda for Change pay deal, which has provided the opportunity for organisations to stabilise or improve their positions.
5. Over £500m growth funding received for health and social services in 2019/20 has been a welcome boost to the service. This funding included £220m to meet the funding gap and £287m as consequentials of the funding allocated by the UK Government to NHS England.
6. The specific allocation of £192m additional funding targeted at *A Healthier Wales*, the Welsh Government's long-term Plan for health and social care, was helpful in setting clear expectations around national and local priorities. The specific allocation provided funding support to enable progress against a number of specific areas, including prevention, protection and in the integration and joint working agenda with Local Authorities and

other delivery partners. This is helping to transform services in line with *A Healthier Wales* (the Plan), which supports long-term sustainability for NHS Wales.

7. Service transformation was further supported with the directed allocation for digital and preventative schemes and for additional ring-fenced funding for mental health services and Regional Partnership Boards (RPBs). It was also evident that the current year budget has considered the wider determinants of health: for example, with investment in housing and active travel.
8. The funding has enabled many Health Boards and Trusts to continue, and accelerate, implementing changes to support redeveloped service models, joining up and integrating services across sectors and shifting services upstream into prevention for both the short term and the long term. For example, at a national level, the additional funding has enabled Public Health Wales NHS Trust to set up a public sector-wide Behavioural Insight Unit to gain greater insight into lifestyle choices of Welsh citizens as a means to inform an appropriate public sector response.
9. The additional funding has also supported financial sustainability with more NHS organisations managing to live within their resource limits, with the forecast deficits of reducing in a year where continued strain has been placed on NHS services and their associated costs. Notably, these costs have been come from:
 - A growing elderly population and its consequential impact on services such as Continuing NHS Health Care;
 - An unprecedented elective and emergency demand;
 - Increasing uptake of technology and medical science along with innovative new drugs which can offer patients new options for their conditions;
 - Increasing performance expectations; and
 - Shortages in skilled workforce, notably in the medical and scientific fields.
10. Efficiency savings have therefore still been required to help secure financial sustainability and support service and quality improvements.
11. In respect of the Welsh Ambulance Services NHS Trust (WAST), funding provided by Welsh Government, and via the Trust's commissioners through the integrated medium-term plan (IMTP) route, has enabled WAST to develop a long-term strategy which aims to deliver "*an ambulance service which is delivering excellence*" by 2030.
12. WAST define their headline challenges and opportunities as follows:
 - a. Delivering *A Healthier Wales*, by;
 - i. Implementation of the Falls Framework;
 - ii. Improvement of Mental Health and Dementia Services;
 - iii. Development of the Older Person's strategy;
 - iv. Strengthening volunteering strategy and structures;
 - v. Continuing to enhance leadership development;
 - vi. Creation of a Non-Emergency Patient Transport Service (NEPTS) Transport Booking Hub;
 - b. EASC commissioning intentions;

- c. AMBER review, to reduce waiting times for amber category patients;
 - d. Carter review findings;
 - e. NHS Wales Strategic Change, HB plans towards centralised services and effect on WAST of 'new' activity and increased journey times;
 - f. System wide pressures – reduced resources due to lengthy handover delays; and
 - g. Organisational change - building a strong and stable team and refining structures to ensure we are organisationally 'fit for the future'.
13. In addition to providing funding to support fixed requirements associated with national pay agreements, the 2019-20 budget presented a commitment to support discreet investment to support the implementation of *A Healthier Wales*. This will enable the implementation of schemes such as the falls framework which are already impacting upon patient care. Whilst this is welcomed, the processes that underpin the approval routes have impacted on the pace of delivery.
14. The inclusion on a recurring basis of schemes that were identified to reduce system-wide winter pressures in 2018/19 was welcomed by WAST. However, in-year elements of non-recurrent funding not known until later in the financial year (e.g. winter pressures) remains potentially problematic.
15. In terms of the capital allocation, for which WAST is funded directly from Welsh Government, the funding received to date in terms of capital funding is in alignment with previous discussions, thus from a capital perspective it has met the Trust's expectations.

b) What expectations do you have of the 2020/21 Draft Budget proposals? How financially prepared are NHS Wales organisations for the 2020-21 financial year, and how robust is your ability to plan for future years?

13. The 2019/20 budget provided NHS Wales with sufficient resources to stabilise and sustain services and move towards the implementation of *A Healthier Wales*.
14. For 2020/21, Health Boards and Trusts would expect funding levels aligned to those identified in the Health Foundation report *The path to sustainability*, published in October 2016, to continue as a minimum, along with partnership funding to continue to support implementation of integration and transformation initiatives in line with *A Healthier Wales*. That said, NHS Wales organisations are acutely aware that increased funding in 2020/21 will be subject to many competing demands. Cost pressures across the public sector and the implications of managing those pressures are recognised in the context of resource constraints.
15. NHS Wales also recognises that our partners across the public sector face financial challenges and to enable health and wellbeing systems to operate effectively, the whole system needs to be appropriately resourced and operate at high performance levels to optimise the use of public funds. A greater focus on health protection and prevention would provide further resilience to health and care such as the establishment of a National Protection Service.

16. In addition to reflecting pressures specifically within Health Boards and Trusts, the budget should also reflect and protect issues of national infrastructure and sustainability including, but not limited to, the following services:

- **Health Education**

17. The *NHS Wales Education Commissioning and Training Plan for 2020/21* was recently considered by the NHS Wales National Executive Board (July 2019). The plan proposes to increase the number of students and trainees across a range of professional groups, and identifies the workforce need and the cost of providing additional training. Increasing investment in student training and staff education not only provides a financial benefit to the NHS - the benefit to patient experience, quality and continuity of care, reduction in complaints and adverse incidents is also well-recognised in a system where there is less reliance on temporary staff. For example, HEIW has undertaken work that shows that investing in additional nurse student placements can be repaid in little over a year of those students graduating and working within the health system, by reducing reliance on agency staff. It is also evident that investment in educating and training existing staff to gain new skills and expertise is essential in supporting the drive to implement new ways of working and adopt innovative technology solutions.

- **Digital Health and Care**

18. Health and social care provision is increasingly dependent on the use of information technologies. Patients are demanding digital change and have expectations on the public sector to improve care through better use of technology and data. Opportunities exist to transform service processes and improve efficiencies and outcomes. Equally in an era of big data availability data collection or comparability, there are opportunities for increasing support to frontline staff, analysts and researchers through learning from past and current activities in real time whilst influencing future priorities for population health. NHS Wales' architecture is uniquely placed in the UK - it has a digital patient record that will enable the service to understand and maximise the best patient outcomes and influence improvements in population health. Developing the digital capability both intellectually and technically is a fundamental part to achieving this change. Recent reports, particularly the Wales Audit Office paper [*Informatics Systems in NHS Wales*](#), highlight digital capability, capacity and underlying funding are not sufficient to deal with existing and future demands on informatics services.

19. The Welsh Government supports transformational digital opportunities through the digital funding allocation. The growth in the demand, use and dependencies on the informatics services needs to be reflected in the underlying funding models and provisions. Aligning the strategic digital investments with the operational funding allocation will ensure the operating architecture, infrastructure and interfaces are sufficient to support the digital needs of the service. Having more defined medium-term funding commitments would reduce in-year volatility and improve planning process and efficiencies. Development of a strategic informatics budget will enable digital transformation, be comparable with other sectors and underpin future efficiencies and effectiveness in a digital environment.

20. Consideration of this in strategic budget-setting would ensure adequate balance between digital foundations (infrastructures, architecture, integration and capability) and digital transformation.

NHS Preparedness

21. In terms of preparedness, NHS Wales organisations have a statutory duty to annually prepare three-year IMTPs. The 2019/20 approved plans already contain outline financial plans for 2020/21. These plans detail service developments which are set in the context of anticipated cost pressures, efficiency requirements and the additional resources available. NHS Wales is therefore financially prepared for 2020/21, but these plans are only as robust as the assumptions used.
22. There are clear advantages associated with Welsh Government moving away from a single-year allocation approach to longer term budgets, which would significantly improve the robustness of plans. Additionally, improved service and financial planning would be facilitated if Welsh Government informed organisations of likely mid-year funding streams and objectives as early as possible in, or the before the start of the financial year in order to maximise the benefit from such investments.
23. At the time of writing, the Welsh Government settlement remains outstanding and this will obviously influence the budget knowledge of the NHS and other sectors and the resultant robustness of plans.
24. NHS Wales organisations note the delay in Welsh Government announcing the outline and detailed draft Budgets until 10th December 2019. However, in light of the UK Government's confirmation of 9th August that they will provide all Departments with one-year settlements in September 2019 to provide financial certainty as they prepare for Brexit, we are hopeful that Welsh Government may now be in a position to bring that timeline forward. This would provide greater clarity to underpin the national and local NHS planning process, as well as planning with our partners via RPBs.
25. The key assumption that is not clear is the additional discretionary resource that will be available to NHS organisations. Therefore, an early indication of what this is likely to be would be hugely beneficial to NHS organisations to enable them to confirm their resource planning assumptions, and where necessary, to make refinements.
26. The ability to plan for future years will vary by organisation in terms of where they are with approved three-year plans or annual plans. All financial plans are subject to and reliant upon on robust and sustainable service and workforce plans which identify how each organisation will meet and sustain financial and service stability over the longer term. At the same time organisations recognise that they need to address the organisational challenges to improve outcomes and meet national and local service priorities.
27. Irrespective of where they currently stand in terms of signed off three-year or annual plans, every organisation in NHS Wales is committed to developing an approvable IMTP for 2020-23, which includes the delivery objectives of their Board.

28. To achieve this, organisations are committed to undertaking proactive horizon-scanning to identify efficiency and value opportunities that will assist in delivering sustainable financial balance. The advent of the *National Efficiency Framework* has been of significant benefit in helping organisations to identify potential opportunities and Welsh Government has provided positive leadership and emphasis on this through its National Efficiency Group. Health Board and Trust pipelines of opportunities are being driven through both these national and local mechanisms to seek out and deliver value and efficiency through using benchmarked data and sharing best practice and case studies from across Wales and the UK.

29. Health Boards and Trusts also recognise the responsibility to progress the Value-Based Healthcare agenda, and many are already well established to do so, using the Swansea Bay University Health Board (UHB) diabetes model below as an example:

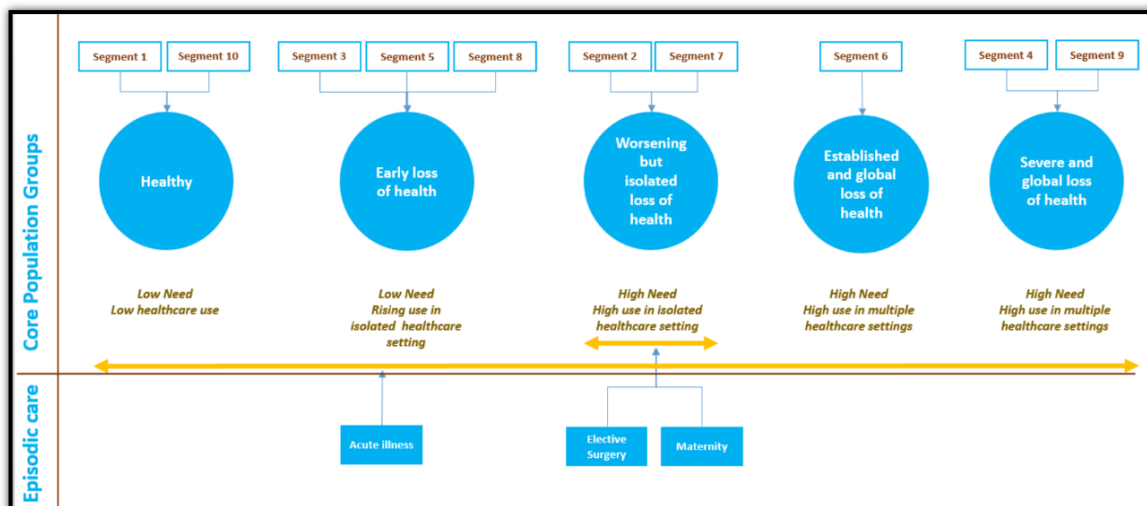
Lead Clinical Responsibility	Level of Care	Setting	Service provided by:
Consultant Diabetologist	5	Hospital setting (Acute)	Secondary Care Acute Hospital
	4	Community	Integrated Diabetes Community service
GP	3	Community	Integrated Diabetes Community service
	2	GP Surgery	Primary Care
	1	Patient's/ Residential home	Patient Self Management

Levels 3 and 4 together constitute the Integrated Diabetes Community service.

Developed by Claire Jenkins, Strategic Planning, SBU HB

30. Swansea Bay UHB has implemented phase one of their diabetes plan with an education and training approach for GP practices to enable them to manage stable and non-complex Type 2 diabetes patients on injectable therapy. This includes the initiation and monitoring of glucagon-like peptides (GLP1s) and the monitoring of insulin, rather than their inappropriate management in secondary care. The approach to training has seen an increase in the uptake by GP practices of the Diabetes Directed Enhanced Service (DES) to 90% and the three optional modules to 63% as of July 2019. This phase anticipates the discharge of approximately 3,500 Type 2 patients from secondary to primary care, which equates to 15% of Swansea Bay UHB's Type 2 patients. This will alleviate pressure on secondary care services in the form of reducing over 290 new outpatient attendances and associated activity.

31. The second phase will be the development of an integrated community model, shown in tiers three and four above, which will be able to manage more complex patients in the community, from secondary care. The model will comprise consultant community clinic sessions, dieticians and diabetes specialist nurses (DSNs).
32. Many approaches include improving efficiency through technical and allocative value improvements, along with sustainability initiatives aligned with reconfiguration of service models, transformation and digital opportunities. The requirement to do this is as much to address the current and projected shortage of a skilled medical and scientific workforce as it is about financial sustainability, enabled through the push towards earlier prevention and treatment to address local population needs.
33. As an example, Cwm Taf Morgannwg UHB is developing Value-Based Population Health, based on its already established Population Health Management Strategy. This will focus on delivering best value for needs-based segments of the population, which are shown diagrammatically below:



34. For each population segment, a Value-Based Population Health approach will focus on achieving continuous improvement in outcomes that matter to them, based on delivering needs-based, proactive and integrated care through a community based multi-disciplinary team, and accompanied by digitally-enabled measurement of outcomes, cost and patient experience.
35. The Welsh Government's Transformation Fund is an integral part of supporting this agenda, allowing Health Boards and Trusts, through their local Regional Partnership Boards, to develop and implement alternative models of care, particularly in home, primary and community settings, to enable the transition.
36. NHS Wales organisations welcome the progress made on the Welsh Government's new needs-based weighted population formula and understand that it will be used to inform the distribution of growth in the Discretionary Hospital, Community and Health Services and Prescribing (HCHS&P) allocation in 2020-21. NHS Wales organisations' focus is on understanding how the new formula will impact on the distribution of growth.

37. WAST are engaged in ongoing discussions with commissioners in relation additional costs that the Trust will incur to progress a range of developments to support and improve the wider unscheduled care system across Wales. This includes advanced paramedic practice and prescribing; further enhancement to the falls services provided in Wales; a national discharge and transfer service; and in areas of pre-hospital and unscheduled care system leadership. It would be expected that funding to support such developments would be provided from within the 2020-21 Welsh Government budget via the commissioners within the IMTP. In many cases, this could then release pressure and potentially resources elsewhere in the system.

38. WAST's financial planning process enables key material revenue cost changes to be identified for the three-year financial forecasts included within the IMTP. Annual contingency reserves of £0.5m are sufficient to support most unforeseen cost pressures. Over and above this level of cost pressures support would need to be sought from the Welsh Government if alternative measures were not possible.

c) The Committee would like to focus on a number of specific areas in the scrutiny of the Budget. Do you have any specific comments on any of the areas identified below?

- **Approach to preventative spending and how is this represented in resource allocation, particularly in relation to the financing of local health boards and health and social care services**

37. There are many examples internationally and within NHS Wales where investment in preventive measures or high-value activities at an earlier stage in healthcare pathway delivery have a positive impact on both the citizen's outcomes and system-wide performance and efficiency.

38. We welcome developments in screening programmes to support prevention and early detection, such as the FIT bowel screening programme, which has proven to reduce inequity in screening take up and improve the life chances of those with earlier diagnosis and treatment.

39. In Swansea Bay University Health Board, earlier diagnoses of Health Failure is already proving to indicate improved value across the system, as described below:

Swansea Bay UHB Value-Based approach to heart failure

Swansea Bay UHB identified an under-estimation in the number of citizens that may have been living with heart function conditions. The presenting symptoms may include shortness of breath and the patient perhaps receiving treatment for a condition with the same presentation but with an unknown underlying heart function condition.

Timely availability of serum N-terminal pro b-type natriuretic peptide (NT-proBNP) analysis, a NICE-supported blood test that enables faster and more reliable diagnosis, can enable more timely management of heart failure.

The introduction of the test has shown signs of delivering the following benefits:

- A reduction in the requirement of 190 echocardiograms per month (a higher cost diagnosis); and
- Avoidance of patients being on the incorrect care pathway only to be moved in treatment at a later date, therefore improving patient experience.

A longer-term study is expected to note reductions in admissions and length of stay given earlier diagnosis and treatment. Furthermore, patient-reported outcomes are being measured for the first time from April 2019 in one heart function clinic with the ambition to rollout across all clinics using technology-enabled reporting by patients. To date, the initiative has seen a 70% take-up of patients reporting their outcomes, which provide valuable information about which interventions improve outcomes. The initiative is also providing useful data round what other interventions patients would find helpful in improving management of their condition.

40. Prevention should also encompass education methods to teach children from the earliest age about the ways to help secure healthier lifestyles. Leisure facilities, day centres, public transport and suitable housing need to be supported to decrease the demand on the health and social care sectors.

41. In addition to that contained within main discretionary funding, NHS Wales also spends dedicated resources on prevention across several other allocation funding areas including contractor services, public health and ring-fenced allocations. Of the £192m allocated for implementation of *A Healthier Wales*, £10m was set aside for prevention. Furthermore, a considerable component of the £100m Transformation Fund is also being used for wellbeing and prevention and supports the re-design of services to reduce demand on secondary care.

42. Investment in prevention and the upstream benefit of doing so on the health, social care and wider system is therefore recognised and encouraged. However, there is a significant tension in the current system where acute emergency and elective waiting time pressures are dominating the resource allocation. The allocation of 'badged' funding for specific policy initiatives is useful to provide headroom for transformation and investment in

evidence-based preventative services that will offer benefits in the longer term. However, the annual budget and performance regime inevitably drives a focus for resources to be deployed to meet immediate targets, many of which are required to deliver safe patient care.

43. Specialised health services and technological advances in innovative technologies are outstripping funding growth levels. Whilst these may improve care for those that need them, they ultimately reduce the available funding for upstream service development.
44. There is no consensus on the appropriate proportion of health and social care monies that should be spent on preventative activities. Comparative levels of 'preventive' spending across the UK shows wide variation but variation probably arises as an accounting artefact and is illustrative of the difficulties in allocating spend against a definition of 'preventive spending'.
45. NHS Wales organisations support an approach to further protect funding for preventative measures that recognise the importance of improving population health outcomes and sustainability of services in the longer term.
46. Some examples of how this could be enacted include:
 - Providing local authority allocations that are ring-fenced for social care funding to support system wide health and well-being sustainability, this could be expanded to elements of education and housing budgets as appropriate. Bringing these wider services into the responsibilities of the regional partnership board may improve wider wellbeing integration; and
 - Setting a nominal proportion of health and social care funds which should be spent on preventative activities and to hold spending bodies to account for the use of these monies. In this approach, the variation in underlying need for preventative activities is taken into account in the allocation formula.
47. These approaches support a more devolved, place-based response in the development of initiatives to improve health and wellbeing in our communities. They help to shift the mindset away from the transactional delivery of care to one of population health approaches and creating healthier communities with the ambition of driving improved measurable outcomes across our communities rather than the current output-driven finance and performance regime which favours and prioritises secondary care.
48. The continuation of performance reporting by Local Health Boards against government priorities such as reductions in smoking prevalence, levels of obesity, immunisation performance etc can be allied with changes in reported population health status to measure the effectiveness of this approach.
49. The Budget for 2020/21 should provide sustainable funding sources (rather than transitional funding) to develop services that have potential to either reduce or maintain levels of demand within the secondary care system, and broader social care system, and which enable a more community-based approach to care.

50. Investment in Steps 1 and 2 of the Emergency Services/Unscheduled care pathway should be more explicit and greater. Developments in areas such as Advanced Paramedicine and the UK-recognised WAST falls framework, which has proven to significantly reduce conveyances to emergency departments (EDs), should be fully funded across Wales.
51. Using such a social investment model aligns with the vision set out in the Well-being of Future Generations (Wales) Act 2015 and recognises health and wellbeing as a community asset.
- **The Sustainability of public services, innovation and service transformation**
52. The provision of safe service sustainability is the highest priority for all organisations across both NHS and social care. Scarcity of a skilled workforce, volume and citizen-driven demand combined with advances in medical treatments are universal drivers for service modernisation.
53. Implementing innovative service redesign, integration and transformation, using Value-Based approaches and evidenced-based models, is critical to the sustainability of future service delivery within the available resource constraints.
54. Welsh Government recognition of the need for service change, and the associated challenges of achieving public support for the change, are significant enablers in this process. The 2019/20 NHS budget provided sufficient resources to help sustain services and make inroads into delivering *A Healthier Wales*.
55. The creation and application of the £100m Transformation Fund has helped to enable further capacity to drive community-based creation of innovative transformational schemes that can be implemented, evaluated and then rolled out as best practice. Below is an example from Powys Teaching Health Board:

The North Powys Programme

The North Powys Programme has been funded by the Transformation Fund under the leadership of the Regional Partnership Board and presents a new, integrated model in line with *A Healthier Wales*.

The integrated model of care across the area includes care closer to home; community wellbeing hubs in key market towns; and three rural regional centres that provide enhanced services within the county and reduce the need to travel outside of Powys to receive the same level of service.

A programme of work has commenced that brings together health, social care and the third sector with linkages to education, housing, leisure, police and ambulance services. The scope of the programme includes a whole-system review, implementation and testing of new ways of working, working with local communities; and the potential development of a multi-agency wellbeing campus in Newtown. It also includes plans for evaluation, learning and transfers.

56. Changes to drug technologies through genomics and personalised medicine can be transformative for individuals reducing the overall impact of the burden of disease in the long term. However, the upfront costs of the increasing number of specialist drugs will need to be supported by a different funding model as benefits realisation will take much longer than current budgetary planning cycles to recoup. Therefore, planning assumptions within organisations and at Welsh Government level need to be strengthened to build in realistic assumptions around the lead in time to return on investment for longer term sustainability.
57. Further incentivising the use of Value-Based approaches and benefits realisation through future financial allocations would act as an enabler to sustainable high-quality service provision. The ambition is to drive all organisations towards delivering outcomes that matter to the citizen.
- **Welsh Government policies to promote economic growth, reduce poverty, gender inequality and mitigate welfare reform**
58. Economic growth, maintenance of key public services and increased employment is recognised as a key determinant of improved health and wellbeing in the wider context of improved population health in future.
59. Opportunities for targeted, extended, sponsored education and training places to stay in Wales should be considered, providing a pragmatic and practical approach to deliver opportunities for raised aspirations in deprived areas and developing ‘home-grown’ talent.
60. ‘Buying Welsh’ would help generate local economic growth but the procurement and cost implications on public sector budgets of doing so should also be recognised.
61. It must also be recognised that the impact the NHS has on people’s health extends well beyond its role as a provider of treatment and care. As large employers, purchasers, and capital asset holders, NHS Wales is well-positioned to use its spending power and resources to address the adverse social, economic and environmental factors that widen inequalities and contribute to poor health. It is for this reason that NHS Wales should be considered an ‘anchor institution’. The term usually refers to large, typically non-profit organisations whose long-term sustainability is tied to the wellbeing of the populations it serves. For example, NHS Wales organisations are often the largest employers in local areas: over 92,000 people are employed by the NHS in Wales (total assignment count, [March 2019](#)). As the link between employment and wellbeing is so well-established, increasing the amount of hiring an NHS organisation does locally may be an opportunity to increase the impact that it has on the wellbeing of local communities. In addition, NHS Wales is a key purchaser of goods and services, and a capital estate holder and developer. Both of these functions mean that NHS Wales, directly or indirectly, has an impact on the conditions and wellbeing of workers that are not employed directly in the health and social care sector. We would emphasise that the NHS needs to be viewed in this way so that it can best support population health and play a key role in keeping the Welsh population happy, active and healthy.

- **The Welsh Government's planning and preparedness for Brexit**

62. The Welsh Government's EU Transition Fund has given funding to projects to support health and care in Wales to prepare for Brexit, including research into the social care workforce; a public health resilience programme; the Welsh NHS Confederation Brexit Transition Programme and the ADSS Cymru Brexit Transition Fund.
63. In January 2019 the Welsh NHS Confederation was awarded £150,000 by the Welsh Government EU Transition Fund to support NHS organisations in Wales (members). The 18-month Brexit Transition Programme started in March 2019 to support the communication and engagement across the NHS in relation to Brexit. As part of the Programme there are two members of staff who support the NHS and the Welsh NHS Confederation and NHS Wales organisations have worked closely with Welsh Government and partners across health and social care in preparing for EU withdrawal, including for the possibility of a 'No Deal' Brexit. Focus of the preparations has been on ensuring the maintenance of high-quality and safe healthcare.
64. All Health Boards and Trusts have a nominated Executive Director acting as the Senior Responsible Officer (SRO) that oversees the preparations locally and contributing to a national group of SROs. There have been regional and national planning events to ensure that local and national plans are as robust as possible. Furthermore, Public Health Wales NHS Trust has informed Welsh Government on Health Securities and the Health Impact Assessment of Brexit, which has informed UK-wide considerations.
65. NHS Wales considers the approach to service continuity a key risk, particularly related to overseas skilled workforce availability and key supply chains for products, medicines and equipment. At a national level, supply chain resilience has been strengthened via NHS Wales Shared Service Partnership (NWSSP) for a no-deal Brexit during the last financial year with the acquisition of a warehouse facility in South Wales. Brexit uncertainty remains, and as such, financial contingency needs to be provided but the facility also gives NHS Wales a number of strategic benefits that will require ongoing financial support through 2020-21 as plans are developed and implemented.
66. Therefore, whilst mitigation plans related to 'supplies' appear to be well-developed, clarity on workforce implications is still lacking. Developing 'home-grown' talent would both mitigate the overseas risk and offer Welsh students a future professional role within NHS Wales, with associated commitments for this sponsorship. This is a UK issue which needs resolution and the Welsh NHS Confederation, on behalf of members, has responded to the UK Government's Future Skills Based Immigration System White Paper. Local and national organisations will continue to work with Welsh Government as the likely outcome and impacts become clearer.

- **How the Welsh Government should use taxation and borrowing powers, particularly in relation to the Welsh Rate of Income Tax**

67. Significant resources have been applied to support the delivery of *A Healthier Wales*. Only time will tell whether this Plan has been wholly successful in transforming service delivery and providing a sustainable healthcare system. There will however be growing demands

on all parts of the system due to an ageing population with increasing cases of co-morbidities. The use of taxation and borrowing powers to support healthcare should not be ruled out.

68. Introducing an Income Tax within Wales above current England and Wales levels may be potentially contentious with Welsh residents. Should the use of tax raising powers be used to support public sector spending, a process of communication and engagement with citizens would be a clear requisite.

69. Explicit communication identifying where and for what purpose the additional tax levy will be utilised may support public opinion for the additional tax. A careful balance needs to be considered to avoid disadvantaging low income individuals and families and the potential disincentive in attracting/retaining much needed skilled workforce within Wales if this becomes higher than other parts of the UK.

- **How evidence is driving Welsh Government priority setting and budget allocations**

70. Evidence from commissioned reports by the Health Foundation and Nuffield Trust have influenced allocations to the NHS in Wales. This has been supplemented by funding to support Welsh Government strategic intentions and policy initiatives.

71. In time, commissioning a review into how a Value-Based approach has driven both improvements in outcomes and sustainable efficiency in costs across organisations in Wales would be worth considering as a means to evidence-base good practice and to incentivise further scale and spread where it has been deemed to have worked.

72. The effects of system change require time to emerge and it is important to allow sufficient time for changes in outcomes to become prevalent. Similarly, benefits often occur within different elements/organisations across the system and so it is critical to develop budget policy and funding flow mechanisms that support this.

- **Welsh Government policies to strengthen the economy and promote innovation**

73. The Welsh Government approach to supporting industry partnering with the public sector provides a useful synergy for innovation and sponsored research linked to health care. The Value-Based procurement agenda within NHS Wales is a good example of this, developing agreements where payment is based on positive patient outcomes.

74. Moreover, WAST is keen to work with industry to support innovation, for example, by making vehicles more environmentally-friendly and through the use of digital technology that supports diagnosis and treatment in a non-clinical environment.

- **How the Well-being of Future Generations (Wales) Act 2015 is influencing policy-making**

75. The Plan for health and social care, *A Healthier Wales*, has been set in the context the Well-being of Future Generations Act 2015. The Plan, to some extent, supports all of the seven wellbeing goals whilst understandably focuses on the ‘healthier Wales’ goal. In addition, the Plan supports the five sustainable development principles which are applicable to the re-design of services.
76. This is further reflected in the NHS Planning Framework Guidance from Welsh Government in 2018 and is expected to be further strengthened in the revised guidance to support the development of plans for 2020 and beyond which are due to be issued shortly.
77. NHS Wales recognises that the whole of its resource, not just additional funding as it is issued should be focussed on both the present and the future although undoubtedly, the Transformation Fund, which is focused on supporting the delivery of *A Healthier Wales*, and the Integrated Care Fund, also supports the strategic shift in delivery of services to support the Act. An example of an approach at local level from Powys Teaching Health Board is included below:

Powys Wellbeing 12 Steps

Key determinants of health include families, friends and communities; the quality and security of housing; the level of education and skills; the availability of good work, money, resources; and our surroundings. The Area Plan, agreed by the Regional Partnership Board, reflects the social and economic determinants including social isolation, loneliness and poverty.

Wellbeing has a physical and emotional dimension, and the Health Board recognises that poor emotional wellbeing is as much a contributor to poor health as a poor diet or lack of exercise throughout the life course, particularly in adolescence and childhood. The Powys Wellbeing Plan, overseen by the Powys Public Service Board, sets out the very long-term, inter-generational approach to the social, economic and environmental determinants of health, wellbeing and inequalities. There are 12 steps identified in the Powys Wellbeing Plan and the Health Board is a contributor across all of these as an employer, commissioner and provider of health services.

78. The objectives of the Well-being of Future Generations Act are therefore embedded in Welsh Government expectations and requirements for Health Board and Trusts IMTPs. Demonstration of how these values and objectives are considered in health strategies, plans and management decision making is a key factor for NHS Wales and provides a clear objective of Public Service Board business.

- **In declaring a “climate emergency”, is it clear how the Welsh Government intends to respond and resource that challenge?**

79. NHS Wales is clear on the Welsh Government policy to reduce the carbon footprint as a major public service and as part of their duties within the Well-being of Future

Generations Act wellbeing goals. ‘Green’ solutions to operational energy consumption are being implemented and major capital schemes are evaluated against the requirement to be designed and engineered to minimise energy and resource consumption and minimise wastage.

Conclusion

82. NHS Wales organisations do not underestimate the significant challenges of public service budget-setting in a time of austerity, particularly in light of the continued uncertainty around Brexit. Health Boards and Trusts across Wales are committed to doing the very best they can to deliver high-quality, timely and safe care to the people of Wales. Our members also recognise the importance of improving population wellbeing by supporting an environment that enables people to maintain good physical and mental health for as long as possible.

83. Alongside this however, our members recognise the extent of the challenge we face to deliver these objectives against the backdrop of an ageing population and increasing co-morbidities, despite recent funding increases. The reality is that regardless of what the Welsh Government’s final Budget for 2020/21 looks like, NHS Wales will have to continue making difficult decisions about what the future of the health and social care sector looks like and the areas it should prioritise. Finally, we need to emphasise the importance of working with partners across the public sector so that we may rise collectively to the challenges we face.