

Responses to HSC&S Committee report: Draft Budget 2020-21

Recommendation 1. We recommend that the Welsh Government provides details of, and explanations for, the transfers between Budget Expenditure Lines (BELs) within the Health and Social Services MEG, and across other MEGs (where relevant).

Welsh Government Response:

Accept. For this year and previous years explanations have been provided at action level as requested in the letter from the chair of the Committee. For future years this information can be provided at BEL level in the annex to the committee paper.

Recommendation 2. We recommend that the Welsh Government provides details of:

- the financial intervention support being provided to the four health boards with a raised intervention status;
- details of how this money is being spent, how this spend is being monitored, and how it is achieving value for money.

Welsh Government Response:

Accept. The table below sets out the additional support we have provided in 2019-20 to those health boards in intervention:

Health Board	Amount of support £m	Purpose
Betsi Cadwaladr UHB	<ul style="list-style-type: none">• £0.5 million• £1.8 million• £3.1 million• £0.3 million	<ul style="list-style-type: none">• For financial planning and delivery support• Securing sustainable orthopaedic services• For organisational management capacity• Mental health and learning disabilities repatriation support
Cwm Taf Morgannwg UHB	<ul style="list-style-type: none">• £3.0 million	<ul style="list-style-type: none">• To support action to improve against the issues under special measures and targeted intervention
Hywel Dda UHB	<ul style="list-style-type: none">• £1.6 million• £0.2 million	<ul style="list-style-type: none">• To support the transformation programme• Turnaround and Organisational Development support

	<ul style="list-style-type: none"> • £0.4 million 	<ul style="list-style-type: none"> • Financial planning and delivery support
Swansea Bay UHB	<ul style="list-style-type: none"> • £0.4 million • £0.8 million 	<ul style="list-style-type: none"> • Financial planning and delivery support • Targeted intervention support

Progress on how this funding is being used to achieve expected improvement is monitored through regular intervention meetings held between my senior officials and the board's executive directors.

In addition to the specific amounts above, these boards are also able to access funding allocated more widely across NHS Wales to address services priorities and pressures, including the performance funding, winter pressure funding and the Transformation Fund.

Recommendation 3. We recommend that, in future budget rounds, the Welsh Government demonstrates how its funding allocations will support long term sustainable change in the delivery of integrated health and social care services. As part of this, we expect to see a greater strategic focus on transformation and prevention in the budget, and a clearer presentation of the funding allocated for prevention and transformation purposes.

Welsh Government Response:

Accept in principle. We will continue to frame our spending plans in future budget rounds around delivering the vision of an integrated health and social care system as set out in A Healthier Wales. In line with the Budget Improvement Plan published with the Draft Budget, we will use the definition of prevention to support a continued and increased focus on investing in preventative activities, as well as investing in service transformation. We will consider how to ensure these investments are clearly presented in our budget documentation and scrutiny evidence.

Recommendation 4. We recommend that:

- the Welsh Government takes a stronger position on driving the establishment of the NHS Executive, providing the necessary direction and resources to ensure it is in place by autumn 2020.
- The Minister should report back to this Committee on progress within three months.

Welsh Government Response:

Accept. The creation of a distinct NHS Executive will fulfil the commitment in *A Healthier Wales* to “bring together appropriate collaborative planning, delivery and performance management activities as an NHS Wales Executive function”; and will also support some elements of the delivery of the related commitment to “review specialist advisory functions, hosted national functions and other national delivery programmes, with the aim of consolidating national activity and clarifying governance and accountability”.

Officials are currently in the process of defining the exact functions of the NHS Executive. This is work in progress and stakeholders are playing a vital role in establishing the NHS Executive’s mandate. While I have agreed a set of very high level functions for the NHS Executive, my officials are currently undertaking an exercise to understand fully how those high level functions will operate in practice. The organisations currently in scope for inclusion in the NHS Executive are being fully involved in this process along with the NHS Chief Executives.

Officials are currently in the process of setting up a Programme Board to oversee the establishment of the NHS Executive, and the Programme Board will provide direction and make sure that appropriate resources are in place to ensure the successful establishment of the NHS Executive.

I will be making a further statement on progress towards the establishment of the NHS executive in March.

Recommendation 5. We recommend that the Welsh Government makes the following information available to the Committee:

- (1) the spend on primary care in NHS Wales in 2019-20 and the definition of primary care to which this relates;**
- (2) the reports from the health boards providing an annual update on their progress in moving resources towards primary care;**
- (3) Progress reports on each of the 19 primary and community care projects due to be delivered across Wales by 2021.**

Welsh Government Response (1)

Accept. Our definition of primary care is broad as set out in the Primary Care Model for Wales. As well as those services contracted from GPs, dentists, community pharmacists and optometrists, our definition also includes the wide range of services, care and support for people’s health and wellbeing in the wider community.

The rebalancing of the health and care system as set out in *A Healthier Wales* to deliver services with a greater focus on prevention and accessed in the community is not uniquely a role for primary care services, and it can be unhelpful to position it in this way. It needs effective planning across the sectors and cannot simply be tracked in terms of budgets and recording of health board expenditure alone.

Primary care is made up of many services, with a mix of directly employed and contracted providers. Tracking expenditure against this broad definition cannot easily be undertaken using the current format of health board accounts. The primary care expenditure in the accounts only relates to expenditure on services provided by independent contractors.

The 2019-20 spend is not available until after year end and the NHS accounts are audited. For 2018-19, the primary care spend reported in the primary care section of the health board accounts was £911.6 million, which covered spend on General Medical, General Pharmaceutical, General Dental, General Ophthalmic Services, and Other Primary Healthcare.

Welsh Government Response (2)

Accept. As they progressively implement A Healthier Wales, health boards are required to set out their plans on what services, funding and workforce resources they will move out of hospital in to the community in their annual refresh of their IMTPs or annual plans. The Welsh Government then reflects the key messages and learning from these plans in its national IMTP. All these documents are published online and are available to the Committee.

Examples of services which people are increasingly able to access closer to home include audiology and services for certain eye conditions.

I accept more pace and scale is needed in rebalancing the system and we are strengthening our scrutiny of health boards' plans. From 2020-21, the Welsh Government will require written reports from health boards on progress with implementing the planned move of services and resources for scrutiny at the regular performance and monitoring meetings. These reports will inform the annual plan/IMTP refresh. We expect to see annual plans/IMTPs evidence the planned move of services into primary and community care delivery. As stated, these documents will be publicly available.

Welsh Government Response (3)

Accept. The progress reports for each of the 19 primary and community care projects are included in the attached annex (Please see annex 1 - 20-02-10 - HSCS Committee update – Primary Care Pipeline).

Recommendation 6. We recommend that the Welsh Government provides greater clarity in future budget rounds about the funding for primary care and community activity to show how that funding is supporting the shift in resources.

Welsh Government Response:

Accept in principle. As I explain above, planning and implementing the rebalancing of the health and wellbeing system is complex and cannot simply be tracked in terms

of budgets and recording of expenditure, but through demonstrating the shift of services being delivered in both primary and community settings. We will continue to support health boards to strengthen their whole system planning through the IMTP process. Leadership to drive this rebalancing is important. We have recently appointed a national clinical lead to identify which services are priorities for being planned and delivered by multi professional teams organised at cluster level.

Recommendation 7. We recommend that the Welsh Government provides details of:

- **how the budget process captures the contribution of the third sector in delivering services;**
- **how the impact of withdrawing funding for services previously funded via the Sustainable Services Third Sector Grant has been measured;**
- **what arrangements are in place to mitigate the effects of the withdrawal of these funds.**

Welsh Government Response:

Accept. The Sustainable Social Services Third Sector Grant 2020-23 is one element of the funding of over £80m available to support activity delivered by the statutory, private and third sector that supports the Welsh Government's Social Care priorities. This includes the expectation that by 2021 Regional Partnership Boards (RPBs) allocate a minimum of 20% of their Integrated Care Fund (ICF) revenue funding to support social value organisations. Regions are making good progress towards this target but further work is required.

The Sustainable Social Services Third Sector Grant 2020-23 grant was significantly over subscribed and following agreement of £1.2m of additional funding in 2020-21 against the £7m initially available, a total of 32 applications were approved for funding. The projects funded through this grant will support carers, children and young people, people with physical or sensory disabilities, people with learning disabilities and older people. The applications that have been funded provided the strongest evidence of projects that will support the core priorities of government and deliver a distribution across service areas.

Where projects that are funded through the 2019-20 Sustainable Social Services Third Sector Grant have not been successful in their applications for the 2020-23 grant these activities have been considered on a case by case individual basis and where Ministers considered it necessary to the delivery of Social Care agenda alternative support has been identified. This includes cross cutting funding provided from different Ministerial portfolios such as funding from the Equalities budgets for the MENCAP helpline.

Recommendation 8. We recommend that the Welsh Government examines the funding arrangements for third sector organisations that deliver health and social care services, to ensure they are receiving a fair and proportionate settlement from the public bodies funded to provide such services.

Welsh Government Response:

Accept in principle. Public bodies receive the majority of their funding for social care through the unhypothecated Revenue Support Grant and it is a matter for public bodies to determine who they commission services from.

The Welsh Government is committed to working with the social value/third sector and this is demonstrated via the Integrated Care Fund (ICF). The Fund supports a range of projects across Wales that promote partnership working with the third sector, for example return to home schemes and community resource teams.

The first ICF annual report, published on 16 January, showcases the valuable role of the third sector in delivering a wide range of ICF projects right across Wales.

To strengthen the role of this important sector, Welsh Government expects Regional Partnership Boards (RPBs) to allocate by 2021 a minimum of 20% of their ICF revenue funding to support social value organisations. Regions are making good progress towards this target but further work is required which will be monitored during 2020-21

Recommendation 9. We recommend that the Welsh Government provides a breakdown of the £700m ring-fenced allocation for mental health.

Welsh Government Response:

Reject. NHS organisations provide detailed financial monitoring information on a regular basis and the ring-fenced position is monitored through this process. This figure forms a 'floor' below which expenditure on core Mental Health Services must not fall but does not necessarily capture all expenditure. We also know that health Boards generally spend in excess of the mental health ring-fence allocations. A breakdown of the mental health ring fenced allocation at health board level is available in the published NHS allocation (Table 2), and the 2020-21 allocation is included in the link below (WHC (2019) 040):

<https://gov.wales/sites/default/files/publications/2020-01/health-board-and-public-health-wales-nhs-trust-allocations-2020-21.pdf>

Health boards are requested to provide a statement on the use of the mental health ring-fence through the IMTP process and progress reports for the *Together for Mental Health* delivery plans.

Since implementing the ring-fence, we now have a broader range of mental health services, for instance crisis and psych liaison services and community perinatal mental health teams that are able to respond to an increased demand for services.

Recommendation 10. We recommend that the Welsh Government provides an update on actions taken to achieve parity between mental and physical health.

Welsh Government Response:

Accept in principle. A Healthier Wales outlines the holistic approach we need to take to provide an equitable level of treatment, care or support to people throughout their lives, irrespective of whether it is a matter of physical or mental health. The implementation of A Healthier Wales is subject to regular scrutiny.

We continue to invest more in mental health services. This year (2019-20) we invested an additional £34million. Over and above this investment, in 2020-21 we will increase mental health spend by a further £20.5 million

This is significant and sustained investment in mental health services and we are seeing tangible outcomes, including in improvements average waiting times and in the range of services available. We also know that more people are accessing mental health support, for instance there has been an increase of 2,000 referral per month to LPMHSS since 2014-15. In addition progress updates on the implementation of the *Together for Mental Health* delivery plan 2019 -2022 through its lifespan will be made publicly available.

Recommendation 11. We recommend that the Welsh Government provides assurances that there is appropriate political oversight of Sport Wales and its operation.

Welsh Government Response:

Accept. I am satisfied with the level of oversight of Sport Wales. I meet formally with the Chair and Chief Executive at least once a year to discuss progress against the priorities in the Remit Letter and the organisation's business plan. My officials work closely with Sport Wales officers and meet with the Chief Executive and senior management, on a quarterly basis, to discuss strategic and operational issues

Recommendation 12. We recommend that, given the significance of increasing participation in physical activity to the prevention agenda, the Welsh

Government demonstrates a greater commitment to this in next year's budget round.

Welsh Government Response:

Accept in Principle. Substantially increasing levels of physical activity across Wales is integral to the preventative agenda across a range of cross-government portfolio areas; and also a key commitment of our national strategy Prosperity for All. We are committed to continuing to develop options to motivate the least physically active people to become more active and our continuing focus and approach reflects this. For example through legislation (Active Travel Act); service provision (National Exercise Referral Scheme); guidelines (UK Chief Medical Officer Guidelines for physical activity); as well as education (Welsh Network for Healthy School Schemes). We have already introduced new funding commitments through both a prevention fund of £7.2m per annum through the Building a Healthier Wales programme to support local priorities and through the Healthy and Active Fund of £5.4m over three years. We have also worked to tackle health inequalities through a further £5.5m investment into Healthy Weight: Healthy Wales including a leisure offer for over 60s. We have also committed to provide Sport Wales with an additional £3m in 2020-21 to invest in developing the landscape of sports facilities across Wales, creating environments for people to lead more active, healthier lifestyles. We will work closely with the Welsh Physical Activity Partnership to ensure that a delivery plan is able to maximise opportunities for collaboration across organisations.

Recommendation 13. We recommend that the Welsh Government should undertake and publish an evaluation of participation rates in the revised free swimming initiative within 12 months of its introduction.

Welsh Government Response:

Accept. Evaluation is being embedded within the programme and we will publish participation rates and findings following 12 month of the introduction.

Recommendation 14. We recommend that the Welsh Government should undertake and publish an evaluation of:

- what additional activities have been provided with the £1.5 million that was previously allocated to the free swimming initiative;
- what the participation rates have been. This should be done within 12 months.

Welsh Government Response:

Accept. The new version of Free Swimming is currently in a transition phase. Following the review it was agreed that Sport Wales will review the position at 6, 12 and 18 months. They will then report back to Welsh Government the latest position regarding each local authority and their delivery partners.

Regarding the additional £1.5m, each authority will be providing details of other services they are providing based on their knowledge of local need, also at 6 monthly intervals.

Sport Wales have been made aware of the committee's recommendations and will provide the information accordingly.

Please note below a progress report for the 19 primary and community care projects identified as part of the Primary Care Pipeline, and which are intended to be delivered across Wales by 2021.

The report is set out as follows:

1. Capital new build projects;
2. Capital re-development of existing assets; and
3. Third party developer (3PD) revenue new build projects.

1. Capital New Builds

Maelfa

The Outline Business Case was approved by the Minister for Health & Social Services in November 2019 with a capital ceiling of £12.748m. The Health Board are now producing the Full Business Case with an estimated submission date of July 2020.

Cogan

An Outline Business Case has been received, however, scrutiny is currently on hold as the Health Board works with the Local Authority on planning conditions and the land transfer agreement.

Cross Hands

The Outline Business Case has been received and is progressing through scrutiny processes. Detailed scrutiny comments have been provided to the Health Board with Welsh Government officials expecting responses shortly to allow scrutiny to be finalised.

Tredegar

The Outline Business Case was approved by the Minister for Health & Social Services in January 2020 with a capital ceiling of £16.113m. The Health Board are now producing the Full Business Case.

Newport East

The Health Board are currently developing the Outline Business Case for the project with an expected submission date of autumn 2020.

Sunnyside Health and Wellbeing Centre (Bridgend)

The Full Business Case was received on 3rd February and is currently being scrutinised by Welsh Government officials and advisors.

Swansea Wellness Centre

The Health Board is progressing with the planning and scoping phase of the scheme and are engaging with a housing association in respect of project delivery. The Outline Business Case is being developed by the Health Board which will set out the preferred way forward and a detailed scheme once agreement has been reached on the solution.

2. Re-development of existing assets

Penclawdd Health Centre

The project to refurbish and redevelop the Health Centre is complete, with the official handover from the contractor in January. Patients are due to occupy the building from 24th February 2020.

Murton Community Clinic

This refurbishment project completed in November 2019 with a capital cost of £0.700m. The clinic now provides two state of the art treatment rooms, a consulting room, a speech and language/interview room together with a district nurse office, as well as new reception and waiting areas with disabled toilets and baby changing facilities

Central Denbighshire

The Business Justification Case of £3.158m to redevelop Ruthin Community Hospital was approved by the Minister for Health & Social Services on 8th January 2020. Work has started on site in February 2020. The project will facilitate the relocation of services from Mount Street Clinic, Ruthin and the re-development of Ruthin Community Hospital together with work to upgrade dental facilities at Denbigh Infirmary.

Tonypandy Health Centre

The project completed in August 2019 with an outturn cost of £1.565m. The reconfiguration and refurbishment ensures the delivery of a full range of services to meet current and future needs.

Dewi Sant Phase 2

The Business Justification Case of £7.811m was approved by the Minister for Health & Social Services in November 2019. Work has started on site in February 2020. The works once complete will see a range of primary and community health services brought together alongside social care and an array of third sector support, to offer a local, integrated centre for health and well-being.

Aberaeron Integrated Care Centre

The project completed in October 2019 with a capital cost of £3m. The centre will provide GP appointments, clinical services, district nursing, social care teams, third sector organisations and the Porth Gofal multi-disciplinary team.

Fishguard Health Centre

The project completed in March 2019 with a capital cost of £0.646m. The centre enabled the amalgamation of two surgeries to create a stronger more sustainable solution for the provision of primary care and community services in the area.

Machynlleth

The Health Board is currently revising the Full Business Case (FBC) following a change to its supply chain (construction) partner. The project will facilitate the development of an integrated primary and community care centre providing sustainable and fit for purposes services within an existing Health Board asset.

3. 3PD revenue funded new build

Pentyrch Surgery

The scheme is currently being progressed through the planning stages, with meetings arranged to take place with the Community Health Council to agree the approach in respect of public engagement.

Mountain Ash Primary Care Centre

The business case for the Project has been approved and development agreement agreed. Works have commenced on site with completion and occupation by the end of 2021.

Waunfawr Primary Care Centre

The Health Board have appointed the 3rd party developer. Discussions are on-going in respect of design, cost and delivery so that the business case can be finalised.

Llanfair Caereinion

The Health Board and its appointed 3rd party developer are finalising design development so that the business case can be completed.