

Health and Social Care Committee

HSC(4)-08-11 paper 2

Draft Budget 2012-13 – Paper from the Minister for Health and Social Services

Purpose

The Committee's Chairman wrote to the Minister for Health and Social Services on 28 July inviting her to give evidence on her Draft Budget proposals and asking her to provide a paper in relation to the Draft Budget.

Introduction

The Draft Budget was published on the 4 October 2011. This paper provides information for the Health & Social Care Committee on the Health, Social Services & Children's Main Expenditure Group (MEG) future budget proposals for 2012-13 to 2014-15.

Budget Overview

The total Health Social Services and Children's budget has increased by a net amount of £92.5 million in 2012-13 with further indicative increases of £108.7 million and £109.1 million in 2013-14 and 2014-15 respectively. This comprises additional revenue budget of £103.3 million in 2012-13, £119.6 million in 2013-14 and £119.9 million in 2014-15, offset by transfers to other MEGs of £10.8 million in each of the three years.

The following summary financial table shows the overall effect on the HSSC MEG:

Summary Financial Table:

	2012-13	2013-14	2014-15
Revenue	£m	£m	£m
DEL Baseline	5954.1	5970.5	5970.5
MEG Allocation	103.3	119.6	119.9
MEG to MEG Transfers	(10.8)	(10.8)	(10.8)
Revised DEL	6046.6	6079.3	6079.6
Capital			
DEL Baseline	240.6	214.5	214.5
Overall Total HSSC MEG	6287.2	6293.8	6294.1

The table does not include Annually Managed Expenditure (AME), which is outside the Welsh Government's Departmental Expenditure Limit (DEL).

The additional revenue funding is associated with the following expenditure programmes:

- **Additional support for the Local Health Boards** – An additional £83 million in 2012-13, £83 million in 2013-14 and £73 million in 2014-15 to recurrently place Local Health Boards on a sustainable financial footing going forward.
- **Orthopaedics** – An additional £15.3 million in 2012-13 rising to £16.6 million in 2014-15 to increase capacity and re-model service pathways in response to the significant increase in demand for Orthopaedic treatment.
- **Children's Flying Start programme** – An additional £5 million in 2012-13 rising to £30 million in 2014-15 to extend the programme in line with the Government's commitment to double the number of Children benefiting.
- **Free Prescriptions** – An additional £0.4 million in 2014-15 to retain this universal benefit, ensuring that people on low incomes are not deterred from taking regular medication that would help them to live healthier lives.

In addition to the increase in funding for the specific programmes quoted above, all other programme funding allocations within the 'Action' budget tables at annex 1 will be prioritised and redirected to ensure delivery of each of the Manifesto commitments within the Governments programme

There are also transfers between MEGs, as detailed in the table below:

	2012-13	2013-14	2014-15
	£m	£m	£m
Fairer Charging Grant to RSG	(10.1)	(10.1)	(10.1)
Older Persons Grant to RSG	(1.0)	(1.0)	(1.0)
WHSSC running costs from CSA	0.3	0.3	0.3
Net Transfer from HSSC	(10.8)	(10.8)	(10.8)

Spending Priorities

The Department's overall aim is to deliver a first class health and social care service for the citizens of Wales with the outcome being better health for all with reduced inequalities. The 5 year Service,

Workforce and Financial Framework for the NHS, produced in 2009, guides the reform agenda necessary to achieve this vision. The Department will continue on this path whilst at the same time focusing on delivering priorities as identified in the Programme of Government document.

Despite the additional investment announced in this Budget, this is a challenging financial environment and success will be dependant on efficient and effective partnership working across Government Departments, within the NHS, with Local Government and with other partner organisations.

The perpetual need to manage and contain costs while demand for services continues to increase, reinforces the need to increase the momentum and accelerate work in transforming the way the NHS delivers our services and to integrate all aspects of the care system. Managing the demand for health services and reducing the strain on acute services will be key to maintaining sustainable high quality services and therefore a strong focus on health improvement and self care will remain a key priority.

In respect of Social Services, the work of an independent Commission has recently informed the production of a major strategic document published in February 2011 entitled 'Sustainable Social Services for Wales: A Framework for Action'. Central to the delivery of this will be the Social Services Bill which will provide a coherent Welsh legal framework to transform Social Services.

Manifesto Commitments

The programme for Government specifically identifies manifesto commitments directly attributable to Health Social Services and Children which will be delivered over the next four years and these will be our main priorities for this term of Government. These commitments will place a much clearer focus on improving health outcomes and reducing inequalities. Included within these commitments is work to; improve access to GPs, instigate annual health checks for the over 50s, improve cancer, cardiac and stroke services and children's health, improve ambulance response times and reduce unnecessary attendance at emergency departments

More specifically the Government has highlighted five specific pledges that are of particular importance - 'Five for a Fairer Future'. Responsibility to deliver two of these falls directly to Health Social Services and Children;

- Improved access to GP surgeries in the evenings and Saturday mornings; and
- Expanding the Flying Start Programme

Summary of Changes to 'Action budget lines' in 2012-13

1. NHS Delivery

This Action has been split in 2012-13 and future years into two Actions as below:

- Delivery of Core NHS Services
- Delivery of Targeted NHS Services

(a) Delivery of Core NHS Services

The Delivery of Core NHS Services is by far the largest Action in the MEG, with an annual revenue budget of £5 billion. The action provides the main funding for NHS care (hospital and community services). This funding is allocated to local health boards (LHBs) and NHS Trusts. It includes funding for primary care (GPs, dentists and pharmacists). The **net increase** to this action is £138.7 million in 2012-13. This is made up of:

i. Additional Allocations:

- **£98.3 million** from Central Reserves in respect of additional funding in respect of health structural support and orthopaedic treatment

ii. Transfers between Actions:

- **£32.3 million** from Delivery of Targeted NHS Services into the LHB revenue allocation, in respect of SIFT infrastructure funding
- **£7.7 million** from Support Mental Health Policies and legislation into the LHB revenue allocation, in respect of funding for mental health services
- **£1.6 million** from Tackle Health Inequalities & Develop Partnership Working, in respect of Design to Smile campaign
- **£1.2 million** from Children's Social Services into the LHB revenue allocation, in respect of funding for CAMHS

- **£0.5 million** from Delivery of Targeted NHS Services, in respect of Overseas Visitors
- **£2.2 million** to Sponsorship of Public Health Bodies, in respect of realignment of funding for Public Health Wales
- **£0.9 million** to Promote Healthy Improvement & Healthy Working, in respect of funding for Alcohol abuse

iii. MEG to MEG Transfers

- **£0.2 million** from the Central Services and Administration MEG, in respect of WHSSC running costs

2. Delivery of Targeted NHS Services

This Action includes funding for specific primary care services (including Eye Care Initiatives), as well as funding for a range of other developments including: the delivery of information and technology (IM&T), solutions to the NHS in Wales and support for undergraduate Medical Education. There is a **net decrease** of £32.8 million to this action in 2012-13 as a result of the following transfers between Actions:

- **£32.3 million** to the Delivery of Core NHS Services in respect of infrastructure SIFT All Wales funding into the LHB revenue allocation
- **£0.5 million** to the Delivery of Core NHS Services in respect of Overseas Visitors

3. Support Education & Training of the NHS Workforce

This Action supports programmes of education and in-service training for the development of the NHS workforce. There is **no change** in the funding for this Action

4. Support Mental Health Policies & Legislation

Core funding for mental health services is provided via the Delivery of Core NHS Services Action. In addition, this Action provides dedicated funding for the development and improvement of mental health services for child and adolescents, adults and older people in Wales in line with the Mental Health Strategy, the National Services Framework and legislation. It provides support, for example, for dementia services, eating disorders and the Veterans Service across Wales. There is a **net decrease** of £6.8 million in 2012-13 as a result of the following transfers between Actions:

- **£7.7 million** transferred out to the Delivery of Core NHS Services Action. This is in respect of funding for Mental Health services transferring into the LHB revenue allocation.
- **£0.9 million** transferred in from the Children's Social Services Action. This is in respect of funding for CAMHS. (Note - a further £1.2 million funding for CAMHS has also transferred to the Delivery of Core NHS Services Action)

5. Hospice Support

This Action provides funding for all Wales palliative care initiatives and also recurrent funding for voluntary hospices. There is **no change** in the funding for this Action.

6. Sponsorship of Public Health Bodies

This Action provides funding for the Public Health Wales NHS Trust, which delivers; public health services that cover health improvement and protection, public health intelligence and research, and national screening programmes for the people of Wales.

There is an **increase** of £3.4 million in 2012-13. This is a result of transfers from various Actions in respect of funding to go to Public Health Wales.

7. Foods Standard Agency

This is used to fund the Food Standards Agency Wales, an independent Government department set up to protect the public's health and consumer interests in relation to food.

There is a **decrease** of £0.209 million which represents funding in respect of the Food and Nutritional Survey being transferred to the Action Promote Health Improvement & Healthy Working.

8. Deliver Targeted Health Protection & Immunisation Activity

This provides funding for vaccines for the preventable diseases programme. It also funds a range of public information campaigns, as well as initiatives to tackle healthcare associated infections. There is **no change** in the funding for this Action.

9. Promote Health Improvement & Healthy Working

This supports initiatives and action being developed to support *Our Healthy Future* including the tobacco control strategy and the provision of nurses in secondary schools. There is a **net increase** of

£0.541 million in 2012-13 as a result of the following transfers between Actions:

- **£0.9 million** from the Delivery of Core NHS Services Action, in respect of funding for alcohol abuse.
- **£0.2 million** from the Foods Standard Agency Action, in respect of the Food and Nutritional Survey
- **£0.5 million** to the Sponsorship of Public Health Bodies, in respect of funding to Public Health Wales

10. Tackle Health Inequalities & Develop Partnership Working

This supports the Inequalities in Health Fund and the Healthy Start programme. There is a **decrease** of £1.7 million in 2012-13 as a result of the following transfers between Actions:

- **£1.6 million** to Delivery of Core NHS Services into the LHB Revenue Allocation, in respect of funding for the 'Design to Smile' programme
- **£0.1 million** to the Sponsorship of Public Health Bodies Action, in respect of Public Health Wales funding.

11. Effective Emergency Preparedness Arrangements

Funding in this Action is directed towards establishing and maintaining strategic stockpiles of pre-pandemic vaccines, antivirals, antibiotics, facemasks, respirators and consumables. Funding is also provided for the development and maintenance of other health countermeasures stockpiles to respond to accidental or deliberate release of chemical, biological radiological, nuclear and explosive substances.

This budget also funds the Hazardous Area Response Team (HART), which enables the ambulance service to provide treatments in contaminated environments or where access is difficult. There is **no change** in the funding for this Action.

12. Develop & Implement Research and Development for Patient & Public Benefit

This Action funds the work of the National Institute for Social Care & Health Research (NISCHR), which aims to support the creation of high-quality evidence to both inform policy and benefit patients and the public. There is **no change** in the funding for this Action.

13. Children's Social Services

This funds a range of programmes and policy developments to support vulnerable children and children's health services, including the implementation of the Children & Young Persons Act 2008, child family court fees and Integrated Family Support Services. There is a **net decrease** of £4.3 million in 2012-13 as a result of the following transfers between Actions:

- **£1.0 million** from Social Services Strategy Action, in respect of funding for Vulnerable Children
- **£1.2 million** to the Delivery of Core NHS Services Action into the LHB Revenue Allocation, in respect of funding for CAMHS.
- **£0.9 million** to the Support Mental Health Policies & legislation Action, in respect of CAMHS funding
- **£1.4 million** to the Adult & Older people Action, in respect of funding for Autism
- **£0.5 million** to the Sponsorship of Public Health Bodies Action, in respect of funding for Newborn Blood Spot Screening
- **£1.3 million** to the Children, Young people and Families Action, to consolidate CFOG Children in Need Budgets

14. Children, Young People and Families

This Action provides a range of support for children, young people and families to help them to achieve their potential. Targeted programmes such as Families First and Flying Start are directed at our most disadvantaged families to help remove people from poverty and to provide them with better educational, health and economic outcomes, whilst broader programmes support childcare and play.

The Action also supports the Welsh Government's approach to embedding the UNCRC into the development of policies and programmes that put the rights of the child at the centre of what we do. There is a **net increase** of £6.3 million in 2012-13 made up of:

- i. Additional Allocations:
 - **£5.0 million** from Central Reserves in respect of Flying Start
- ii. Transfers between Actions:

- **£1.3 million** from the Children's Social Services Action to consolidate CFOG Children in Need Budgets.

15. Adult and Older People

This Action provides funding for the implementation of the Older Persons Strategy and the implementation of the Learning Disability strategy, including the resettlement programme from long stay hospitals. It also funds commitments in the Carers Strategic Action Plan and the Carers Measure. There is a **net decrease** of £7.8 million in 2012-13 made up of:

i. Transfers between Actions:

- **£1.4 million** from the Children's Social Services Action, in respect of funding for Autism
- **£1.9 million** from the Social Services Strategy Action, in respect of Grants to Local Authorities

ii. MEG to MEG Transfers

- **£11.1 million** transfer to the Local Government and Communities MEG into the RSG settlement, in respect of funding for First Steps package and Older People's Strategy

16. Social Services Strategy

This supports the implementation of the Social Services Strategy for Wales. The funding here will play an important role in developing new models of care and supporting the transformation of services. This Action also contains the funding for the Care and Social Services Inspectorate (CSSIW) programme budget and includes grant scheme funding and support for the Association of Directors (ADSS) and Social care Institute of Excellence (SCIE). There is a **net decrease** of £2.9 million in 2012-13 as a result of the following transfers between Actions:

- **£1.0 million** to the Children's Social Services Action in respect of Vulnerable Children
- **£1.9 million** to the Adult & Older People Action in respect of Grants to Local Authorities

17. Care Council for Wales

The Care Council for Wales is the social care workforce regulator in Wales responsible for promoting and securing high standards across the social services and social care workforce. The draft budget

published on 4 October shows no change from 2011-12. However it is expected that the Council will identify efficiency savings of around 3% next year, with the budget reducing from the current £10.1million to £9.8 million.

18. Older People Commissioner

This provides funding for the Older People's Commissioner. This is an independent post – the first of its type in the world - which was established to ensure that the interests of older people in Wales, who are aged 60 or more, are safeguarded and promoted. The draft budget published on 4 October shows no change from 2011-12. However, again it is expected that efficiency savings of around 3% can be achieved next year, with the budget reducing by £53k from its current level of £1.747m

19. CAFCASS Cymru Programmes

CAFCASS CYMRU is a child-focused social work organisation, which provides expert social work advice to family proceedings courts, the County Courts and the High Court. Funding here supports the organisation's core duties, as well as obligations under the Children & Adoption Act 2006 including the provision of contact centres and contact activities. Detailed discussions continue on the final budget allocation and it is expected that further funding will be allocated to CAFCASS Cymru in 2012-13, over that which is in the draft budget proposals, which will result in an efficiency saving of approximately 2% compared with the current years allocation. .

20. Capital

The All Wales Capital Programme, which includes funding for the Social Services Strategy and Health Emergency Preparedness, is based on current contractually committed schemes and schemes that the previous Health Minister and LHBS have highlighted as priorities for the forthcoming financial years.

The Programme takes account of the indicative budget allocations which were set during last years RAE exercise, and which results in a **significant reduction** in funding.

HEALTH, SOCIAL SERVICES AND CHILDREN MAIN EXPENDITURE GROUP (MEG)											
REVENUE BUDGET - Departmental Expenditure Limit											£000's
SPA	Actions	2011-12 Supplementary Budget June 2011	2012-13 Indicative Plans Supplementary Budget June 2011	2012-13 Changes	2012-13 Draft Budget New Plans	2013-14 Indicative Plans Supplementary Budget June 2011	2013-14 Changes	2013-14 Draft Budget New Plans	2014-15 Indicative Plans Supplementary Budget June 2011	2014-15 Changes	2014-15 Draft Budget New Plans
NHS Delivery	Delivery of Core NHS Services	4,964,545	4,923,046	138,734	5,061,780	4,923,046	140,034	5,063,080	4,923,046	130,422	5,053,468
	Delivery of Targeted NHS Services	442,958	462,958	-32,776	430,182	476,726	-32,776	443,950	476,726	-32,776	443,950
	Total NHS Delivery	5,407,503	5,386,004	105,958	5,491,962	5,399,772	107,258	5,507,030	5,399,772	97,646	5,497,418
Health Central Budgets	Support Education & Training of the NHS Workforce	188,826	188,826	0	188,826	188,826	0	188,826	188,826	0	188,826
	Support Mental Health Policies & Legislation	16,331	16,331	-6,811	9,520	16,331	-6,811	9,520	16,331	-6,811	9,520
	Hospice Support	7,028	7,028	0	7,028	7,028	0	7,028	7,028	0	7,028
	Total Health Central Budgets	212,185	212,185	-6,811	205,374	212,185	-6,811	205,374	212,185	-6,811	205,374
Public Health & Prevention	Sponsorship of Public Health Bodies	63,785	63,785	3,361	67,146	63,785	3,361	67,146	63,785	3,361	67,146
	Food Standards Agency	3,651	3,651	-209	3,442	3,651	-209	3,442	3,651	-209	3,442
	Deliver Targeted Health Protection & Immunisation Activity	11,720	11,720	0	11,720	11,720	0	11,720	11,720	0	11,720
	Promote Healthy Improvement & Healthy Working	15,219	15,218	541	15,759	15,218	541	15,759	15,218	541	15,759
	Tackle Health Inequalities & Develop Partnership Working	11,497	11,497	-1,736	9,761	11,497	-1,736	9,761	11,497	-1,736	9,761
	Effective Health Emergency Preparedness Arrangements	5,921	5,921	0	5,921	5,921	0	5,921	5,921	0	5,921
	Develop & Implement Research and Development for Patient & Public Benefit	43,799	43,799	0	43,799	43,799	0	43,799	43,799	0	43,799
	Total Public Health & Prevention	155,592	155,591	1,957	157,548	155,591	1,957	157,548	155,591	1,957	157,548
Social Services	Children's Social Services	12,308	12,308	-4,297	8,011	12,308	-4,297	8,011	12,308	-4,297	8,011
	Children, Young People and Families	94,294	96,341	6,340	102,681	99,398	21,340	120,738	99,398	31,340	130,738
	Adult & Older People	51,484	51,484	-7,746	43,738	51,484	-7,746	43,738	51,484	-7,746	43,738
	Social Services Strategy	18,747	18,747	-2,961	15,786	18,747	-2,961	15,786	18,747	-2,961	15,786
	Care Council for Wales	10,141	10,141	0	10,141	10,141	0	10,141	10,141	0	10,141
	Older People Commissioner	1,747	1,747	0	1,747	1,747	0	1,747	1,747	0	1,747
	Total Social Services	188,721	190,768	-8,664	182,104	193,825	6,336	200,161	193,825	16,336	210,161
CAFCASS Cymru	CAFCASS Cymru Programmes	10,138	9,635	0	9,635	9,167	0	9,167	9,167	0	9,167
	Total CAFCASS Cymru	10,138	9,635	0	9,635	9,167	0	9,167	9,167	0	9,167
	Total Revenue - Health, Social Services and Children	5,974,139	5,954,183	92,440	6,046,623	5,970,540	108,740	6,079,280	5,970,540	109,128	6,079,668

CAPITAL BUDGET - Departmental Expenditure Limit											£000's
SPA	Actions	2011-12 Supplementary Budget June 2011	2012-13 Indicative Plans Supplementary Budget June 2011	2012-13 Changes	2012-13 Draft Budget New Plans	2013-14 Indicative Plans Supplementary Budget June 2011	2013-14 Changes	2013-14 Draft Budget New Plans	2014-15 Indicative Plans Supplementary Budget June 2011	2014-15 Changes	2014-15 Draft Budget New Plans
NHS Delivery	NHS Delivery	247,573	230,279		230,279	205,275		205,275	205,275		205,275
	Total NHS Delivery	247,573	230,279	0	230,279	205,275	0	205,275	205,275	0	205,275
Public Health & Prevention	Effective Health Emergency Preparedness Arrangements	5,418	5,039		5,039	4,492		4,492	4,492		4,492
	Total Public Health & Prevention	5,418	5,039	0	5,039	4,492	0	4,492	4,492	0	4,492
Social Services	General Capital Funding	5,659	5,263		5,263	4,691		4,691	4,691		4,691
	Care Council for Wales	23	22		22	20		20	20		20
	Children, Young People and Families	3,430	0		0	0		0	0		0
	Total Social Services	9,112	5,285	0	5,285	4,711	0	4,711	4,711	0	4,711
	Total Capital - Health, Social Services and Children	262,103	240,603	0	240,603	214,478	0	214,478	214,478	0	214,478

REVENUE BUDGET - Annually Managed Expenditure											£000's
SPA	Actions	2011-12 Supplementary Budget June 2011	2012-13 Indicative Plans Supplementary Budget June 2011	2012-13 Changes	2012-13 Draft Budget New Plans	2013-14 Indicative Plans Supplementary Budget June 2011	2013-14 Changes	2013-14 Draft Budget New Plans	2014-15 Indicative Plans Supplementary Budget June 2011	2014-15 Changes	2014-15 Draft Budget New Plans
NHS Impairments	NHS Impairments and Provisions	184,699	129,764	52,016	181,780	89,827	-9,313	80,514	89,827	109,565	199,392
	Total NHS Impairments and Provisions	184,699	129,764	52,016	181,780	89,827	-9,313	80,514	89,827	109,565	199,392
	Total AME - Health, Social Services and Children	184,699	129,764	52,016	181,780	89,827	-9,313	80,514	89,827	109,565	199,392

Health, Social Services and Children - Summary											£000's
		2011-12 Supplementary Budget June 2011	2012-13 Indicative Plans Supplementary Budget June 2011	2012-13 Changes	2012-13 Draft Budget New Plans	2013-14 Indicative Plans Supplementary Budget June 2011	2013-14 Changes	2013-14 Draft Budget New Plans	2014-15 Indicative Plans Supplementary Budget June 2011	2014-15 Changes	2014-15 Draft Budget New Plans
	Revenue DEL	5,974,139	5,954,183	92,440	6,046,623	5,970,540	108,740	6,079,280	5,970,540	109,128	6,079,668
	Capital DEL	262,103	240,603	0	240,603	214,478	0	214,478	214,478	0	214,478
	Total DEL	6,236,242	6,194,786	92,440	6,287,226	6,185,018	108,740	6,293,758	6,185,018	109,128	6,294,146
	Annually Managed Expenditure	184,699	129,764	52,016	181,780	89,827	-9,313	80,514	89,827	109,565	199,392
	Total - Health, Social Services and Children	6,420,941	6,324,550	144,456	6,469,006	6,274,845	99,427	6,374,272	6,274,845	218,693	6,493,538