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Llywodraeth Cymru
Welsh Government

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Dr Dai Lloyd
Chair
Health, Social Care and Sport Committee
National Assembly for Wales
Cardiff Bay
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12 October 2016

Dear Chair,

Thank you for your letter of 21 September on behalf of the Health, Social Care and Sport Committee, containing a number of questions from the Committee which you did not get an opportunity to ask at the meeting on 15 September 2016.

We will respond to each question in the order you asked as follows:

Parliamentary Review of Health and Social Care

Q1.*"In your paper, you say that discussions have been taking place to reach a cross-party consensus on the detail of the review, including the remit, membership and timescales. Are you able to provide an update at this time on the progress of these discussions, including when you expect to be able to formally establish the review and the timescales it will be working to?"*

We have been able to reach broad agreement on these elements of the review. I intend to make a statement in Plenary once we have finalised an agreement .

We expect the review to begin before Christmas, to take around a year to carry out its work, and for its report to be finalised as soon as possible after that. This will allow time for recommendations to be implemented within this Assembly term.

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Q2. *"Related to this is the matter of the future NHS Strategy. We note the statements in your paper about the need to align the strategy with the outcome of the Review, and the uncertainties surrounding the UK Government's Autumn Budget Statement. Are you able to provide us with an update us on your considerations regarding the timetable for publishing the future NHS strategy, or an indication of when you hope to be in a position to do so?"*

In terms of the timing of the future NHS strategy, clearly we will want to develop it by taking into account the main insights provided by the Parliamentary Review. So the strategy will not be finalised before the review makes substantive progress.
However, these developments, as important as they are, must not hold up improvements in the NHS based on the direction set in *Together for Health* and through implementing the prudent healthcare principles. These will remain central to future strategy. I am focusing on their ongoing implementation and delivery.

Hospital reconfiguration

Q3. *"The NHS Wales Planning Framework for 2016/17 reiterates the need to shift the emphasis of care from hospitals to community settings and emphasises the need for safe and sustainable services. These were key principles behind much of the planned hospital and service reconfiguration across Wales. Do you believe the existing extent and pace of change will deliver the service transformation needed by NHS Wales and what are the implications for patient access to services?"*

Service change can take place at a number of organisational levels and involve interventions at differing levels of scale, scope, complexity, and impact.

This ranges from the major reconfiguration of services; the transfer of aspects of service provision from secondary or hospital settings into primary or community settings; and improved delivery mechanisms and enablers.

Much has already been done by NHS Wales and we have seen real changes delivered that have resulted in improved services. For example, the changes to women and children's services in West Wales have been reviewed by the Royal College of Paediatrics and Child Health, who have confirmed that the new services have led to improved compliance with clinical standards and better outcomes for patients.

As Cabinet Secretary, I recently opened the new Front of House development at Prince Philip Hospital in Llanelli. This has separated the Acute Medical Assessment Unit, the Minor Injuries Unit and the Out of Hours GP Service, modernising the way patients with acute medical illnesses or minor injuries are assessed and treated.

£40m is being invested by the Welsh Government to support delivery of the Primary Care Plan which proposes action in a number of areas, including planning care locally, improving access and quality, and equitable access. Additionally, the major condition delivery plans evidence a range of programmes and initiatives, including opportunities for service change, that support a transition in aspects of service delivery from secondary to primary settings.

We are, however, clear that much more needs to be done. We expect patients to be provided with high quality services which are delivered as close to their homes as possible. We have been very clear that there needs to be more pace in delivery.

Q4. *"We are aware that health boards – especially across south Wales - have been working on potential significant proposals for change in other services, including major trauma and some surgical services. However, there is little information available. What is the extent and timing of the further work underway on proposed service reshaping, and what arrangements are in place to bring this information into the public domain?"*

The NHS Wales Health Collaborative has been established by health boards to undertake a range of work across NHS Wales on behalf of the Chief Executives. The collaborative is taking forward a number of programmes, including options for the development of a major trauma network. It is being clinically led in order to consider specific issues such as the modelling implications of any changes, and is at an early stage of the process. As this work develops we expect there to be a wide programme of engagement with local communities and community health councils.

Paying for care

Q5. *"Can you clarify whether the new capital limit to be applied to residential care will also apply to non-residential care charges, and do you intend to implement any further reforms to the charging arrangements for social care?"*

While the capital limit is used by local authorities when exercising their discretion to charge for non-residential care, it operates in a different manner to that when charging for residential care. This is because, by definition, the value of a property a person owns is excluded from the calculation of their capital given they will be living there. As a result capital levels when charging for non-residential care will be lower than when charging for residential care. It was not our intention, therefore, to apply our planned increase to the capital limit to charging for non-residential care.

We do not intend to implement any further reforms to the arrangements for charging for social care. Our Social Services and Well-being (Wales) Act 2014, which came into force in April this year, introduced a new charging and financial assessment framework which is still in its early stages of bedding in. That introduced a consistent set of financial assessment and charging arrangements where local authorities use their discretion to charge for social care and support.

That said, from next April, we are introducing a full disregard of the War Disablement Pension in financial assessments for all forms of charging. Currently, a minimum disregard of £25 a week is applied. This full disregard will ensure that armed forces veterans in receipt of these pensions will be able to retain its full value to help meet the cost of their daily living without this being required to meet the cost of any care and support they require.

Q6. *"What estimate have you made of the cost of the new capital limit?"*

To identify the cost of implementing our commitments to increase the capital limit to £50,000 and to introduce a full disregard of the War Disablement Pension in financial assessments we have commissioned independent research from a leading economic and policy consultancy. Our officials have just obtained a full report of those costings, which we are about to consider.

NHS financial issues

Q7. *"What are your views on the impact of the NHS Finance Act 2014 in terms of delivering effective financial planning and balance, and how can any financial challenges and pressure areas be addressed?"*

The 2014 Act aimed to enable the NHS organisations in Wales to plan ahead better, taking into account the needs of their local populations and the service, workforce and financial resources needed to meet those needs.

In a period of sustained financial austerity there is inevitable challenge for NHS Wales, and the NHS in the UK, from demographic, service and financial pressures. This reinforces the need for effective planning. The Welsh Government commissioned the Nuffield Trust report "A Decade of Austerity in Wales?" and has since 2014, through subsequent Welsh Government budgets, more than addressed the assessed financial gap.

While Welsh Government has supported NHS Wales through additional allocations this still requires NHS Wales to continue to deliver efficiency savings and improved productivity on services currently provided. Additionally, the Welsh Government, through the NHS Planning Framework, expect NHS Wales to address the demographic and service challenges through service change, different service models and service shifts to primary and community care, through integrated plans developed following the prudent healthcare principles. These expected service and service model changes recognise that standing still is not an option and that traditional efficiency schemes, often described as technical efficiency based on reducing input costs, will be insufficient. Therefore integrated plans will also need to incorporate allocative efficiency, including allocative value, focusing on effectiveness of treatment that is producing the right outputs, and patient outcomes.

This is the third year of the planning arrangements following the introduction of the NHS Finance (Wales) Act 2014.

The Welsh Government has strengthened the planning arrangements over the last 12 months to reflect lessons learned from the first two years of this new planning regime. A plan will only be approved following robust, board-level scrutiny and approval and when the Welsh Government is satisfied that it meets the requirements set out in the Planning Framework.

The approval of a plan does not abdicate health board or NHS trust board accountability for the delivery of services nor does it prejudice the outcome of any due process required to implement the plan. Any service reconfiguration needed must be carried out in line with legislation and our existing guidance, for example, and any application for capital investment will be subject to the normal business case approval processes.

Following a robust scrutiny process of the 2016-19 integrated medium-term plans, the Welsh Government approved the following six organisations – Aneurin Bevan and Cwm Taf University Health Boards, Powys teaching Health Board, Public Health Wales, Velindre, and Welsh Ambulance Services NHS Trusts. We set challenging accountability terms to ensure continued drive and improvement at pace through the health service, and avoid complacency in any organisations. The performance of these organisations will be reviewed regularly through the year.

The robust scrutiny process of the 2016-19 integrated medium-term plans has led to movement in approved plan status with one organisation, Welsh Ambulance Services NHS Trust (WAST), moving from unapproved plan status in 2015-18 to approved plan status in 2016-19, and two organisations, Abertawe Bro Morgannwg and Cardiff and Vale University

Health Boards moving the other way. This is the first year that WAST's plan has been approved, and reflects the improvements that have taken place within this trust, supported by Emergency Ambulance Services Committee, over the last two years.

The four organisations without approved plans have been taken through the escalation and intervention arrangements, with one organisation being in special measures and three in targeted intervention level.

Q8. *"How effective do you believe the Act and the Integrated Medium Term Plans will be in delivering service change?"*

Planning, rather than the market, remains the basis of the healthcare system in Wales and this is only the third year of the formal IMTP process. Three-year IMTPs are critical statements of the strategic and delivery intentions of NHS organisations. Health boards, NHS Trusts and their partners are required to work together to secure and deliver services for their populations, collaborating with partners at various levels to assess population need and to plan and deliver services, through the local health board, public services boards and 64 primary care clusters. This level of engagement and planning demonstrates a clear commitment from public services to deliver services for citizens in Wales.

NHS organisations are expected to have both a long-term view and to be clear about the actions they will take in the more immediate future to deliver high quality, accessible and sustainable services within the national policy context. Plans describe how services will develop to continually improve quality, outcomes and the patient experience. Changes are evident in all areas of the work of the NHS as health boards and NHS trusts respond to the challenges and opportunities in our integrated healthcare system. IMTPs provide a framework for describing the range of actions which NHS organisations will take, including changes to services. The plans set out by the NHS are regularly monitored via routine reporting arrangements and discussions at performance and accountability meetings with our officials.

The discipline of medium term planning is maturing, and we am confident that future IMTPs will demonstrate even more clearly how the NHS will change and develop to contribute fully across the range of priorities set out by the Government.

Rhun ap Iorwerth AM asked about what assessment we have made of the potential savings to the NHS of increased levels of physical activity and sport. Our response covered the economic case for preventative approaches more broadly, and we referenced the recent work by Public Health Wales on this topic. We thought you might appreciate sight of the report and accompanying documents.

The report offers a distillation of research evidence and expert opinion in support of approaches to preventing ill health to achieve a sustainable economy, thriving society and optimum health and well-being for the people of Wales. It makes the case that a number of preventative approaches can save lives, money and improve people's mental, physical and social well-being. It quantifies benefits not only in terms of impact on health services but also across communities, society and the economy.

The link below provides access to an executive summary; the supporting detailed evidence base; and a series of infographics focusing on the key health challenges;
http://www.wales.nhs.uk/sitesplus/888/page/87106

We hope you find these responses helpful.

Yours sincerely,

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