Bwrdd Iechyd Prifysgol
Hywel Dda
University Health Board

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Dai Lloyd AM
Chair
Health, Social Care & Sport Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

By email only: SeneddHealth@Assembly.Wales

Dear Mr Lloyd

Re: Health, Social Care & Sport Committee 27 September 2017
Welsh Government Draft Budget Proposals 2018/19

In anticipation of my attendance before the Health, Social Care & Sport Committee on 27 September 2017, please find attached Hywel Dda University Health Board's written evidence.

I look forward to meeting you.

Yours sincerely

Steve Moore

Steve Moore
Chief Executive

HYWEL DDA UNIVERSITY HEALTH BOARD'S RESPONSE TO THE HEALTH, SOCIAL CARE & SPORT COMMITTEE

Mental Health

(i) The allocated spend on Mental Health Services

- The ring-fenced allocations over the last 5 financial years for Mental Health Services are identified in *Table 1* (blue).
- Between 2013/14 and 2015/16, the allocation was static; inflationary and service pressures would need to be met from the Health Board's budget.
- The cost of Mental Health Services has been identified from the Programme Budgeting returns (green), excluding 2016/17 and 2017/18, as the Welsh Costing Returns (WCR) are currently being compiled.
- The cost of services is broken down into four sections: Adult/General Mental Health; Elderly Mental Illness; Child and Adolescent Mental Health Services; and Other (totalled in the table).
- Spending on Mental Health and Learning Disabilities over the last five years is identified. This includes: all direct services provided by Hywel Dda (both primary and secondary care); any expenditure provided by other NHS bodies; the Third Sector; and placements in nursing homes and other providers.
- Shaded pink is the variance between the ring-fenced allocation and what the Health Board spends on Mental Health and Illness. This indicates that the Health Board has to fund this variance from the Hospital and Community Health Service (HCHS) allocation that it receives for all services.

Table 1: Allocation and Cost of Mental Health Services

Year	MH Ring Fence Allocation incl Primary Care and PC Drugs £m	Cost of Mental Health Services (including Primary and secondary Care), Third Party Agreements and external placements					Variance between Ring-Fence Allocation and Expenditure £m
		Adult MH	EMI	CAMHS	Other	Total	
2013/14	**74.761**	40.058	20.897	4.755	10.764	**76.474**	**1.713**
2014/15	**74.774**	39.846	21.343	4.556	11.750	**77.495**	**2.721**
2015/16	**74.774**	41.810	19.905	4.668	10.596	**76.979**	**2.205**
2016/17	**76.772**	N/A	N/A	N/A	N/A	**N/A**	**N/A**
2017/18	**79.865**	N/A	N/A	N/A	N/A	**N/A**	**N/A**

(ii) Spending on the Mental Health Strategy and Delivery Plan

- The Mental Health allocation equates to around 10% of the overall Health Board resources (yellow).
- The equivalent on expenditure terms is also provided (aqua).
- In terms of Health Diagnostic categories, Hywel Dda spends more on Mental Health than any of the other 22 categories, such as cancers, circulatory as examples.
- The reason that the percentage of Mental Health expenditure has dropped slightly since 2013/14, is due to cost pressures and increased costs on acute care, which in 2015/16 recorded an overall deficit of just under £50m.

Table 2: Mental Health as a Percentage of Total Expenditure

Year	MH Ring Fence Allocation incl Primary Care and PC Drugs £m	Final Allocation £m	MH as a %age of Hywel Dda	Cost of MH Services in Hywel Dda £m	Total Cost Hywel Dda £m	MH as a %age of Hywel Dda
2013/14	74.761	683.252	**10.94%**	76.474	716.712	**10.67%**
2014/15	74.774	719.214	**10.40%**	77.495	740.194	**10.47%**
2015/16	74.774	726.907	**10.29%**	76.979	779.995	**9.87%**
2016/17	76.772	752.428	**10.20%**	N/A	N/A	**N/A**
2017/18	79.865	743.954	**10.74%**	N/A	N/A	**N/A**

The cost of services is identified in *Table 1.*

(iii) Resources for Primary and Secondary Mental Health Services

- The cost of Primary and Secondary Mental illness services over the last 3 years is identified in *Table 3*.
- Primary Care includes all contacts, or health interventions, undertaken by Primary Care contractors, which includes Primary Care prescribing.
- Secondary Care includes: any hospital treatment or stays; day care facilities; outpatient attendances; access/interventions from Community Mental Health Services; Third Sector agreements; and placements outside Hywel Dda.

Table 3: Primary & Secondary Care

Cost of Mental Health	2013/14 £000s	2014/15 £000s	2015/16 £000s
Total Costs for Mental Health Problems - Primary Care	9,002	7,902	7,767
Total Costs for Mental Health Problems - Secondary Care	67,472	69,593	69,212
Total	**76,474**	**77,495**	**76,979**

(iv) The Impact of the Mental Health Measure on spending

- *The Mental Health (Wales) Measure 2010* has had a significant positive impact for our population, but it is not without its financial challenges due to the increase in demand for services.
- When originally establishing Local Primary Mental Health Support Services (LPMHSS), there was a national expectation that this would reduce the demand on Secondary Mental Health care and, in particular, Community Mental Health Services.
- In 2011, there were just fewer than 3,000 referrals a year for adult mental health community services, which would have included any primary care level referrals.
- In 2016, the Community Services and the LPMHSS received just over 9,500 referrals.
- Evidence and local data suggests that demand will continue to rise for Community Mental Health teams and LPMHSS by circa 8% each annually.

(v) Spending on Mental Health Services delivered on the prison estate (where applicable): this does not apply.

(vi) Patterns of Demand and Expenditure on Mental Health Services in the last 5 years

- As provided above, demand is increasing year on year for many services.
- Expenditure is not increasing in line with this, but still exceeds the ring fenced amount.
- *Tables 1, 2 & 3* above are all applicable to expenditure.

(vii) Details of the operation of the ring fence for the Mental Health Budget, including the extent to which it has determined spending on Mental Health; and the purpose and value of the ring fence

- The ring fence being in place protects the funding for services which run the risk of not being as high profile as in some other areas where there are budget pressures.
- Having the freedom to use the new allocations has been helpful to address areas that may not have been a national priority.
- The ring-fenced allocation for 2017/18 is identified in *Table 4* overleaf the Secondary Care element for 2017/18 is £71.754m after the additional in-year allocations and share of the £20m allocation for the whole of Wales; and the Primary Care element is identified separately.

Table 4

Service	£m
2017-18 HCHS Initial Ring-Fenced Allocation	68.661
DOLS Transfer to HB	0.007
SARCS Funding	0.023
Flexible (Hospital) Resource Team	0.279
LPMHSS (GP Clusters)	0.182
Inpatient Psychological Therapies	0.139
EIP/TSW	0.038
Share of £20m Additional MH Funding	2.425
Final MH HCHS Ring-Fenced Allocation	**71.754**
Primary Care Prescribing	6.263
GMS (QOF and ES)	0.878
Other Primary Care	0.970
Total MH Primary Care Ring-Fenced	**8.111**
Total Mental Health Ring Fenced Allocation	**79.865**

Financial Performance

(i) Details of overspend/underspend and reasons for this

- The year to date position as at Month 4 (July 2017) is £21.452m deficit.
- The Health Board's financial position at the end of July 2017 reflects the Draft Annual Plan forecast deficit of £58.9m full year effect and £19.632m year to date.
- The Annual Plan forecast outturn position is a result of: the recurring impact of the 2016/17 underlying outturn position of £63.9m; £12.2m of unfunded unavoidable and cost pressures; £1.0m of other cost pressures; and expected savings of £32.0m.
- Key Drivers include:
  - GMS Directed Enhanced Services (not specifically funded from additional allocations) (£2.4m);
  - Medicines, NICE and All-Wales Medicines Strategy Group (AWMSG) cost pressures (£6.6m);
  - Specialist Services and LTA cost pressures (£3.5m);
  - Continuing Health Care (CHC) Growth (£1.2m);
  - Other cost pressures (£1m); and
  - End of transitional funding arrangements.

(ii) Key pressure areas and plans in place to make improvements

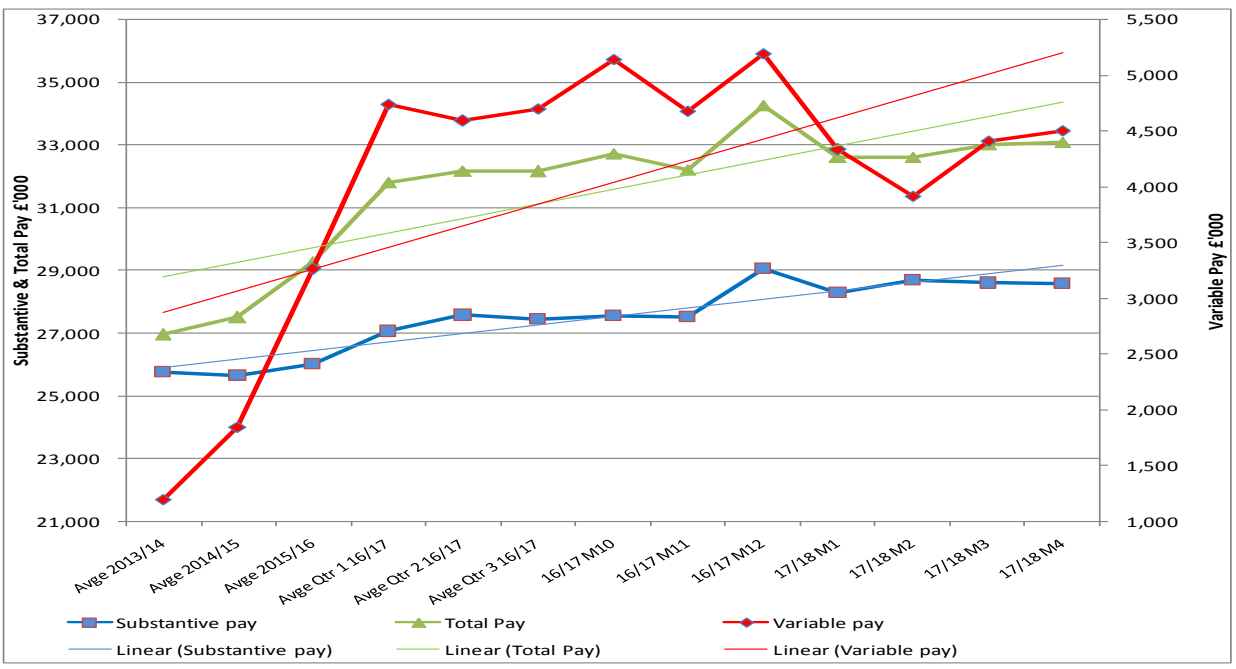
- The key pressure area has been the need to stabilise the workforce and reduce premium rate variable pay (one of our key priorities and forms a central element within our savings plans and turnaround process).
- Other pressure areas include: Medicines (including NICE and high costs drugs); CHC growth; winter pressures; and demographic demand.
- In 2017/18, there is a total savings requirement of £32m to meet the forecast deficit set out in the Health Board's Annual Plan; this is significantly higher than the Health Board has delivered in recent years.
- In recognition, a stretch target to identify opportunities of £37.7m has been set, with the aim of achieving a real reduction of £32m.

- The main areas targeted are:

Savings Theme	**Target £m**
Out-Patients/Theatres/Orthopaedics (Efficiency & Productivity)	4.5
Variable Pay	10.4
Medicines management	4.3
Non Pay	3.1
CHC	3.0
General CIP (Estates and Non Clinical)	1.0
Targeted voluntary workforce reduction	1.0
Other – Schemes	1.0
Sub – total Savings	**28.3**
Medicines management - Invest to Save Posts	(0.3)
Other – Accountancy Gains	4.0
Required benefit to bottom line	**32.0**
Additional target to meet 3% minimum for each budget holder	5.4
Total savings targeted	**37.7**

- Internally, we have distributed to directorates a stretch savings target of £32.7m, with £4m of accountancy gains and £1m of voluntary workforce reduction savings being managed centrally. This equates to a total of £37.7m with the aim of securing our required £32m in year as set out above.
- The Turnaround process is now well underway and the Turnaround Director (in post since June 2017) has had the opportunity to assess progress.
- Turnaround will focus on three distinct but overlapping areas: Corporate-led savings; Directorate Cost Improvement Plans; and 60-day improvement cycles.
- The Corporate-led savings focus on the areas of: variable pay; medicines management; non-pay; CHC; and efficiency and productivity.
- The graph below (*Table 5*) shows the relationship between substantive and variable pay for the organisation since 2013/14.
- This shows that spend grew steeply between 2014/15 and the end of 2015/16; the rate of growth was reduced in 2016/17 with some improvements seen in the last few months.
- The Health Board is focusing on maintaining and improving this position for the coming year.

Table 5: Pay Analysis



The Pace of Change

(i) Views on how effective current funding mechanisms are in driving transformational change

- Organisations have faced significant challenges in preparing for the 2017/18 financial year, despite significant additional resource allocations. However, the policy framework in Wales does allow an appropriate focus on the issues in planning for future years.
- *The Well-being of Future Generations (Wales) Act 2015* requires NHS organisations to work in partnership with other public and third sector organisations; this will be a key enabler to deliver system wide change.
- The Value Framework, alongside the strategic alliance with the International Consortium for Health Outcomes Measurement (advocated by Welsh Government), provides an opportunity for the NHS to embed the principles of Prudent Healthcare. Importantly, this moves the NHS from its historic focus on technical value (doing more for less) to allocative value (allocating resources to maximise outcomes) and personalised value (as measured through health outcomes). Such an approach encourages careful consideration of preventative spend, and close working with colleagues in Public Health Wales.
- The Escalation process enables a bespoke response to the issues facing NHS organisations in difficulty, utilising external experts to provide an independent assessment of the issues facing each organisation and the appropriate solutions.

(ii) The extent to which a preventative approach to funding services is currently possible

- The policies above provide a clear framework which the Health Board fully supports and is striving to deliver.
- The value driven agenda adopted by the Health Board will promote a focus on both preventative service delivery and transformation change.
- Whilst the financial constraints invariably impact on the pace of this change, we recognise that Welsh Government face significant challenges in determining budgetary trade-offs.

(iii) Action the NHS bodies would like to see from the Welsh Government to address these issues.

- It is important that Welsh Government continues to see Health Boards as individual organisation who, whilst they do have many things in common, are also subject to differing local challenges that are geographical, demographic and epidemiological.
- It is through tailored approaches to these, albeit based on a common core, that ensure services can deliver what is best for communities.

Workforce Pressures

(i) Details of particular pressures and staff shortages, and plans to address this

Recruitment Challenges

- There are substantial areas of shortage with all registered professionals within the Health Board, this includes (but is not exclusive to) nursing, medical (secondary care and primary care), and allied health professionals.
- This presents a significant challenge for the Health Board and across the NHS, both nationally and in Wales; the ability to attract potential suitable candidates, particularly experienced and specialist, is one of the biggest challenges for the organisation.
- The majority of acute service wards and some community hospitals regularly use and depend on bank and agency nursing and locum medical staff to support staffing levels; therefore, recruitment and retention strategies are vital to support the clinical and financial position of the Health Board.
- As with Health Organisations across the UK, West Wales experiences challenges in recruitment of medics across hospital and primary care sectors.

Actions & Plans

Medical

- The Health Board supplements normal recruitment activity with initiatives, such as its site based open days, which are widely advertised in advance using Social Media and national advertising campaigns.
- The Health Board continues to advertise for a Locum and Substantive simultaneously, so that we may then bring Locum Consultants in who may wish to consider a post before they apply substantively.
- Active recruitment via Agencies is also undertaken.

Registered Nursing and Midwifery

- The Health Board undertakes specific recruitment campaigns and has held very successful newly qualified open days.
- Site based recruitment days have been held, or are due to be held, and have attracted interest from both within and outside Wales; the latest was held on Saturday 10 September 2017.
- The Health Board supports return to practice and return to acute programmes.
- Overseas recruitment has been tested; however, with very limited success.
- The Health Board provides alternative routes into education as part of our 'grow your own' programmes, in conjunction with Swansea University to support Health Care Support Workers (HCSWs) who have achieved the Certificate in Healthcare (120 credits at education level 4) to access shortened nursing courses.
- The Health Board is making progress with the development of new, extended and expanded roles.
- The Health Board has developed a scheme to support Internationally Educated Nurses to convert to NMC registration, Return to Nursing programmes and a Return to Acute Nursing programme for nurses who have been out of the acute sector for some time, but have retained their registration.
- Over the next three years, the Health Board will be building on this to include more generic, interchangeable professional roles, for example, dual qualified paramedic/nurse practitioner in primary care, which reflects the demand for more efficient and effective, patient-centred clinical care pathways (underpinned by Prudent Healthcare principles).
- New ways of working and workforce modernisation will be crucial for the next three years and the ability to attract potential candidates is one of the biggest challenges for the organisation.

(ii) Initiatives with the local community

- In addition to our schools work-experience programmes, the Health Board offers work experience and back to work experience programmes for adults.
- Hywel Dda's partnership working with various Department of Work and Pensions programmes has developed extremely well.
- Hywel Dda has a wide range of volunteer placements available through its *Volunteering for Health* programme, with over 300 volunteers providing an invaluable service to our patients and staff.
- The Health Board has devised *Destination NHS,* in partnership with Swansea University and Pembrokeshire College; aimed at local students aged 16-18, to support their ambition to follow a future career in health.

(iii) Staff Engagement

- Hywel Dda continues to drive staff engagement by the implementation of its organisational values.

(iv) Any planning/ assessment undertaken on future funding needs post-Brexit, for example given possible changes to agency staff costs

- The Health Board's challenges post-Brexit will centre on any resultant changes to employment legislation, and will be assessed and planned for if and when any changes emerge.