Information requested by the Health, Social Care and Sport Committee

Mental Health

The allocated spend on mental health services;

The total spend on Mental Health Services is captured in the UHBs Programme Budgeting returns. The latest set available is for the financial year 2015/16 where the UHB spent £106.6m on Mental Health Services.

Spending on the mental health strategy and delivery plan;

The Together for Mental Health Delivery plan and 3 year strategy 2016 – 2019 is being progressed through local Mental Health plans. The local delivery plan has been supported by new Welsh Government Investment into Mental Health Services which are set out below:

- Inpatient psychological therapies £0.295m
- Dementia link nurses £0.029m
- Perinatal Services £0.248m
- Psychiatric liaison £0.629m
- First episode psychosis £0.179m
- Hospital Based Flexible Resource Teams £0.353m

Key priorities included within the 2017/18 local Mental Health plan include:

- Integrated pathways for primary mental health support services
- Establishment of a psychological therapies hub
- Peer support worker evaluation
- First episode psychosis
- Mental Health services for Older People and working age adults.
- Improve patient flow linked to continuing Healthcare
- Dual diagnosis
- Sensory loss
- Welsh language
- BME

Key priorities will be taken forward using the total resources available for Mental Health services including the allocation uplift provided in 2017/18.

Resources for primary and secondary mental health services;

As detailed in the UHBs Programme Budgeting returns, in 2015/16 the UHB spent £10.2m on primary care mental health services and £96.4m on secondary care mental health services (which includes hospital and community healthcare services).

The impact of the Mental Health Measure on spending;

The UHB currently spends £1.235m on Mental Health Measure services. Since implementation of the Mental Health Measure, the number of referrals

into the Mental Health Measure service and Community Mental Health Teams is as follows.

Year	Mental Health Measure Referrals	Community Mental Health Team Referrals
2013/14	3,886	6,187
2014/15	7,220	6,910
2015/16	9,464	7,090
2016/17	11,048	6,964

It was envisaged that the introduction of the Mental Health Measure Service would have led to a reduction in overall referrals into Community Mental Health Teams. As detailed above, this has not been the case. Therefore whilst there has been no reduction in spend, the Community Mental Health Teams are now seeing a higher level of appropriate referrals and a large amount of work undertaken by the Mental Health Measure team has met previously unmet need. Therefore, the introduction of the measure has increased spending and demand on Mental Health services.

Spending on mental health services delivered on the prison estate (where applicable);

In 2016/17 the UHB spent £0.367m on mental health services delivered on the prison estate.

Patterns of demand and expenditure on mental health services in the last 5 years;

The patterns of activity and expenditure on Mental Health services for the last 5 years is shown in the following table.

Year	Inpatient (Bed Days)	New Outpatients	Follow Up Outpatients	Daycare	Community (Contacts)	PBC (£'m)
2012/13	131,572	2,169	14,528	15,034	74,214	101.844
2013/14	125,522	2,134	14,363	13,932	74,313	105.494
2014/15	114,977	2,329	14,003	13,054	73,264	107.753
2015/16	111,638	2,646	13,003	11,510	72,990	106.636
2016/17	107,683	1,896	11,701	10,109	72,229	Not Available

The reduction in expenditure in 2015/16 was primarily due to reduction in prescribing costs due to the introduction of generic antipsychotic drugs and the modernisation of secondary care services where services were transferred from a hospital to a community setting.

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.
Mental Health services forms one of eight Clinical Service Boards within the UHB. The way the Mental Health Clinical Board is managed, both with regard to service provision and budgets, are no different to any other Clinical Board in the UHB. The Clinical Board is treated equally to all other areas in respect of budget setting and financial management. It gets internally funded for agreed cost pressures e.g. pay inflation, Continuing Healthcare growth and for service specific issues, and is required to live within agreed budgets. Specific Welsh Government investment funding is passed down to Mental Health Budgets and this is consistent with investments made in other service areas. This approach is not to the detriment of Mental Health services as the UHB spends significantly more on Mental Health services than the ring fenced amount which was £7.9m in 2015/16. Therefore, the ring fence does not determine the levels of spend on Mental Health services in the UHB.

Financial Performance

Details of overspend / underspend and reasons for this;
The UHB has a planned deficit of £30.9m for 2017/18. This is comprised of a brought forward accumulated deficit of £54.5m from previous years netted down by an in year surplus of £23.6m. Achievement of the in-year surplus is dependent upon the delivery of cost savings and cost containment measures, some of which will be one off opportunities. A summary of the 2017/18 financial plan is shown below.

	2017/18 Plan £m
b/f underlying deficit	**(54.5)**
Net allocation uplift (including LTA inflation)	23.4
Cost pressures	(39.0)
Investments	(1.6)
Savings required	35.0
One off opportunities	5.8
In year Financial Plan	**23.6**
Planned Surplus/(Deficit)	**(30.9)**

This shows that the UHB has a £23.4m allocation uplift and has £39.0m of cost pressures. It therefore intends to deliver £35m (4%) cost savings in order to meet unfunded cost pressures, essential investments and reduce the overall projected deficit.

The key issue for the UHB is addressing its accumulated deficit which it has had for a number of years. Some of the key drivers for the accumulated deficit have been:

- Non delivery of recurrent CIPs as set out in plans (which underpinned recurrent spending decisions) and reliance on non-recurring opportunities;
- Operational pressures outside of the plan;
- Funding for growth and delivery of planned care, unplanned care and other targets above the resources available;
- Other investments and cost pressures funded made that have added to the underlying deficit.

In this context, the UHB has incurred a number of unfunded service pressures in recent years, some of which are unavoidable and some with a degree of choice. The main areas of spend are set out below:

- RTT delivery
- Unscheduled care
- Cancer and stroke
- Critical care
- Staffing pressures
- Income reductions
- Revenue costs of capital developments
- Sustaining services
- Service improvements
- Service and operational pressures

These costs are in excess of national cost pressures as these have been assumed to have been largely funded by allocation increases and cost savings made.

The UHB recognises the need to manage within the resources available and its 2017/18 financial plan aims to:

- Focus on the recurrent achievement of the CIP target;
- Ensure cost pressures are managed;
- Limit investment to those areas that are unavoidable and essential
- Deliver an in year improved financial position.

Key pressure areas and plans in place to make improvements;
The biggest financial challenge facing the UHB is the delivery of a significant CIP target, which equates to circa 4% of relevant budgets. At the same time the UHB has to manage a number of in year cost pressures. The main pressure areas are within medicines, continuing healthcare, GMS services and nursing. The latter is a particular problem due to recruitment difficulties

and the reliance upon agency staff, albeit usage is now restricted to contracted agencies. The other pressure areas are delivering planned improvements in the key performance areas of waiting times in planned and unscheduled care. Both have been areas where the UHB has prioritised resources in recent years and recurrent investments of £10.5m in planned care and £3m in emergency care have been made. The improvements made and targeted improvements for 2017/18 and shown below.

Year	RTT > 36 weeks	% EU wait < 4hours	EU wait > 12 hours
2015/16	1598	80.85	1098
2016/17	1146	83.72	685
2017/18	950	87.00	475

Views on the perceptions that there remain opportunities for the NHS to make further efficiency savings;
There has now been a sustained period where efficiency savings have been required to meet the costs of service growth and cost pressures. Each year, these savings are harder to deliver as the easier financial opportunities are identified and taken. Benchmarking does however indicate that there are still areas where further efficiencies are available. The achievement of these however will require some service transformation, improvements in clinical practice and eradicating unwarranted clinical variation. There are still opportunities in areas such as outpatient delivery and inpatient length of stay. Transformational change cannot however be delivered quickly and these opportunities will take longer to achieve e.g. 18 months.

Any projected spend on technology and infrastructure to support quality and efficiency;
The UHB currently spends £3.3m revenue and £0.5m capital on IT. This expenditure supports the UHB in delivery of high quality services. The UHB would wish to continue its investment on IT infrastructure and its digital strategy both of which would support quality and efficiency. These investments will need to be met from within the overall resources available. The UHB has however made a number of bids to the Efficiency Through Technology Fund.

The UHB also spends some £15m per annum on discretionary capital and circa half of this is used to support infrastructure improvements to enhance the quality of healthcare provided. Such schemes in 2017/18 include theatre, patient facilities, ward and outpatient refurbishment and upgrades.

Response to Wales Audit Office (WAO) report on the implementation of the NHS Finances (Wales) Act 2014 (introducing 3 year financial plans to enable longer term planning);

The Health Board acknowledges the useful contribution made by the Wales Audit Office in its report on the implementation of the Act and fully concurs with the responses made by the Welsh Government to this report.

Aligned to the Act, the UHB supports the research based approach which Welsh Government is increasingly adopting in financial policy development, such as the Institute of Fiscal Studies report into Welsh budgetary trade-offs; the Health Foundation's report on the financial sustainability of the NHS in Wales or the Nuffield Trust's 'Decade of austerity in Wales' report. Such evidence is focusing on the longer term resource requirements of the NHS and will serve to ensure that Wales is well placed to adopt best practice in resource allocation. Consequently, it is important that there is stability and consistency in the overall NHS budget alongside a recognition of the growing pressures facing the system. We welcome the fact that over the last budget cycle, the funding allocation to the NHS has broadly followed the recommendations in the Nuffield Trust and Health Foundation reports.

Views on the effectiveness of the 3 year plans

The requirement for NHS organisations to develop financially balanced three-year integrated plans provides the NHS with a clear framework to encourage longer term planning. This ensures that there is a focus on developing longer term solutions and actions in order to address the long-term challenges facing the NHS.

It is important to recognise that healthy lives are determined, not just by spending directly on health, but through communities which are prosperous, secure, active, well-educated and well-connected. The broader policy framework from Welsh Government has become increasingly consistent. Linking the NHS Finances (Wales) Act with the Wellbeing of Future Generations Act, for instance, has increased the focus on long term planning and collaboration with public sector partners. Likewise, prudent healthcare and the development of the value agenda helps to provide a longer term solution to address the issues facing the NHS.

The reasons why none of the NHS bodies have so far made use of the new financial flexibilities under the Act;

A number of Health Boards have faced significant challenges in preparing for the 2017/18 financial year. There are currently three Health Boards, including Cardiff and Vale UHB that have been placed in Welsh Government's targeted intervention status as a result of their financial positions. In addition there is one Health Board that is in Special Measure status and other organisations are also reporting in-year financial deficits.

The Health Board was placed in Targeted Intervention in September 2016 when Welsh Government was not in a position to agree its three year plan. As a result of this, the Health Board has been operating under Annual Operating Plan arrangements. Coupled with the significant accumulated underlying deficit the Health Board has not been in a position to consider the flexibilities that the Act provides. However, the underlying principle of developing three year plans provides a clear framework to support longer term planning which is supported.

The Pace of Change

Views on how effective current funding mechanisms are in driving transformational change;
Health Boards are currently funded on an annual basis but have the ability to ask for flexibility around this through the submission of their Integrated Medium Term Plans. The premise of this is that it allows for financial break even over a three year period which provides time to delivery transformational change which normally takes circa 18 months to achieve. This option however is only available to those organisations who have approved plans and currently only 3 of the 7 LHBs are in this position. There is also a danger in this approach in so far that resources can be borrowed on the expectation that future savings will be made. If these savings, for some unforeseen reason are not delivered, it could result in a significant recurrent deficit.

The extent to which a preventative approach to funding services is currently possible;
LHBs can make deliberate choices as to what services to fund and the level to which they are funding. This is flexibility to invest up stream in preventative solutions in order to avoid future growth in the demand and costs of services. This however is a longer term approach and is unlikely to have any material impact in the current three year planning cycle. There are also conflicting priorities and pressures in delivering in year Tier 1 targets such as RTT and living within the resources available as opposed to investing in the longer term health of the population.

Action the NHS bodies would like to see from the Welsh Government to address these issues;
In recent years the Welsh NHS has managed to deliver an overall reasonable, but still challenging financial settlement. Not all of this however has been made available to the service via their allocation uplift as some resources have been used to provide structural support to financially struggling organisations and to take forward Welsh Government priorities and policy developments. In addition, a significant proportion of the NHS allocation is ring fenced. Relaxing ring fencing arrangements and providing a greater level of discretionary growth would provide greater flexibility in the delivery of sustainable services.

Views on the perceptions that there remain opportunities for the NHS to make further efficiency savings;
There are always opportunities to make further efficiencies. These however are getting harder to deliver each year as the easier opportunities are taken. There is a limit as to what level of recurrent savings can be achieved on an annual basis. Recent research and experience indicates that the continued delivery of 2% annual savings would be at the top end of what is sustainable. This in itself will not be sufficient for the UHB to restore financial balance is the medium term. Therefore wider ranging transformation change is required, but this has a long lead in time to achieve.

Workforce Pressures

Details of particular pressures and staff shortages, and plans to address this;
In common with the rest of NHS Wales, workforce gaps are challenging across all professional groups resulting in high usage of agency and locum costs to cover vacancies. This is especially the case in respect of medical and nursing staff. In particular, there has been an increased demand for nursing staff which has been in excess of predicted and planned demand. This has come about due to the enquiry into Mid-Staffordshire Hospitals and the Nurse Staffing Levels (Wales) Act 2016. Ensuring sustainability of current and future workforce supply, especially in nursing and medical roles, remains a priority for the UHB in 2017 and beyond.

The UHB has a specific initiative to address qualified nursing shortages. Project 95% has reduced the overall UHB registered nurse vacancy rate, however, although many of the Clinical Boards have attained the 95% substantive fill rate (which is the overall aim), the Medicine Clinical Board is the main exception and at August 2017 has 76 qualified nursing vacancies across wards and day hospitals. This is causing service and financial pressures leading to a £1m overspend for the first five months of the year. A dedicated Nurse Recruitment Manager has been appointed and a Resourcing Plan for Nursing has been developed for the Medicine Clinical Board which includes: regular targeted recruitment campaigns; recruitment fairs, return to practice and adaptation programmes; a rotation programme, nurse foundation programme and trialling of different workforce models.

As at end of August 2017, there were 32 hard to fill medical vacancies which represent 2.3% of the Medical and Dental workforce. Of the 32 vacancies there are 7 Consultant posts and 25 more junior posts. During 2017, the UHB has had notable success in filling a number of hard to fill posts in the Emergency Department, Radiology and Paediatrics. A further action plan exists for 2017 to help address these staffing shortages.

Any planning/ assessment undertaken on future funding needs post-Brexit, for example given possible changes to agency staff costs;
Whilst this is an area which is being reviewed at national level by Directors of Workforce and Organisation Development, this is not yet sufficiently progressed to assess future costs pressures arising from Brexit.