Agenda - Y Pwyllgor Iechyd, Gofal Cymdeithasol a Chwaraeon

Lleoliad:	I gael rhagor o wybodaeth cysylltwch a:
Ystafell Bwyllgora 2 - y Senedd	**Sian Thomas**
Dyddiad: Dydd Mercher, 27 Medi 2017	Clerc y Pwyllgor
Rhag-gyfarfod Aelodau: 09.15	0300 200 6291
Amser: 09.00	SeneddIechyd@cynulliad.cymru

Rhag-gyfarfod anffurfiol (09.15 - 09.30)

1 Cyflwyniad, ymddiheuriadau, dirprwyon a datgan buddiannau

2 Paratoi ar gyfer craffu ar gyllideb ddrafft Llywodraeth Cymru ar gyfer 2018-19 - Sesiwn dystiolaeth 1 - Bwrdd Iechyd Prifysgol Betsi Cadwaladr a Bwrdd Iechyd Cwm Taf

(09.30 - 10.30) (Tudalennau 1 - 85)

Gary Doherty, Prif Swyddog Gweithredol, Bwrdd Iechyd Prifysgol Betsi Cadwaladr

Russ Favager, Cyfarwyddwr Cyllid, Bwrdd Iechyd Prifysgol Betsi Cadwaladr

Allison Williams, Prif Swyddog Gweithredol, Bwrdd Iechyd Cwm Taf

Mark Thomas, Cyfarwyddwr Cyllid, Bwrdd Iechyd Cwm Taf

Vanessa Young, Cyfarwyddwr, Conffederasiwn GIG Cymru

Egwyl (10.30 - 10.35)

3 Paratoi ar gyfer craffu ar gyllideb ddrafft Llywodraeth Cymru ar gyfer 2018-19 - Sesiwn dystiolaeth 2 - Bwrdd Iechyd Prifysgol Hywel Dda a Bwrdd Iechyd Prifysgol Caerdydd a'r Fro

(10.35 - 11.35) (Tudalennau 86 - 100)

Steve Moore, Prif Swyddog Gweithredol, Bwrdd Iechyd Prifysgol Hywel Dda

Cynulliad Cenedlaethol Cymru
National Assembly for Wales

Stephen Forster, Cyfarwyddwr Cyllid, Bwrdd Iechyd Prifysgol Hywel Dda
Len Richards, Prif Swyddog Gweithredol, Bwrdd Iechyd Prifysgol Caerdydd a'r Fro
Bob Chadwick, Cyfarwyddwr Cyllid, Bwrdd Iechyd Prifysgol Caerdydd a'r Fro

4 Cynnig o dan Reol Sefydlog 17.42 i benderfynu gwahardd y cyhoedd o weddill y cyfarfod

5 Paratoi ar gyfer craffu ar gyllideb ddrafft Llywodraeth Cymru ar gyfer 2018-19 - Trafod y dystiolaeth

(11.35 - 11.45)

6 Ymchwiliad i ofal sylfaenol - trafod yr adroddiad drafft

(11.45 - 12.05)

7 Blaenraglen waith

(12.05 - 12.30) (Tudalennau 101 - 132)

Eitem 2

Mae cyfyngiadau ar y ddogfen hon

Y Pwyllgor Iechyd, Gofal Cymdeithasol a Chwaraeon
Health, Social Care and Sport Committee
HSCS(5)-25-17 Papur 1 / Paper 1

GIG CYMRU NHS WALES

Bwrdd Iechyd Prifysgol Betsi Cadwaladr
University Health Board

Response to information request by the Health, Social Care and Sport Committee

Mental Heath

The Health Board's structure includes a Mental Health and Learning Disability Division for adult services with Child and Adolescent Mental Health Services delivered separately. In addition, the Health Board incurs expenditure of circa £33.1m via the Welsh Health Specialised Service Committee and other providers for a number of additional services and specific additional primary care expenditure of £0.6m. The expenditure below excludes any additional costs incurred within non mental health settings relating to support given to patients with a mental health or learning disability (e.g. additional one to one care on an acute ward).

The budget and expenditure for the last financial year and 2017/18 year to date are provided below:

	2016/17		2017/18		
	Budget £'m	**Actual £'m**	**Annual budget £'m**	**Month 4 budget £'m**	**Month 4 Actual £'m**
Mental Health and Learning Disability Division	103.9	112.3	107.1	35.7	38.9
Child and Adolescent Mental Health Services	8,.9	8.6	8.8	2.9	3
Total	**112.8**	**120.9**	**116.9**	**38.7**	**41.9**

The 2016/17 figures include £0.2m in respect of the development of the mental health strategy and delivery plan.

The Health Board received additional funding of £4m in 2017/18 to support delivery although pressures remain. Significant expenditure pressures are being experienced within the MHLD division due to out of area placements, activity and costs associated with continuing healthcare placements for learning disability placements and delivery of required savings.

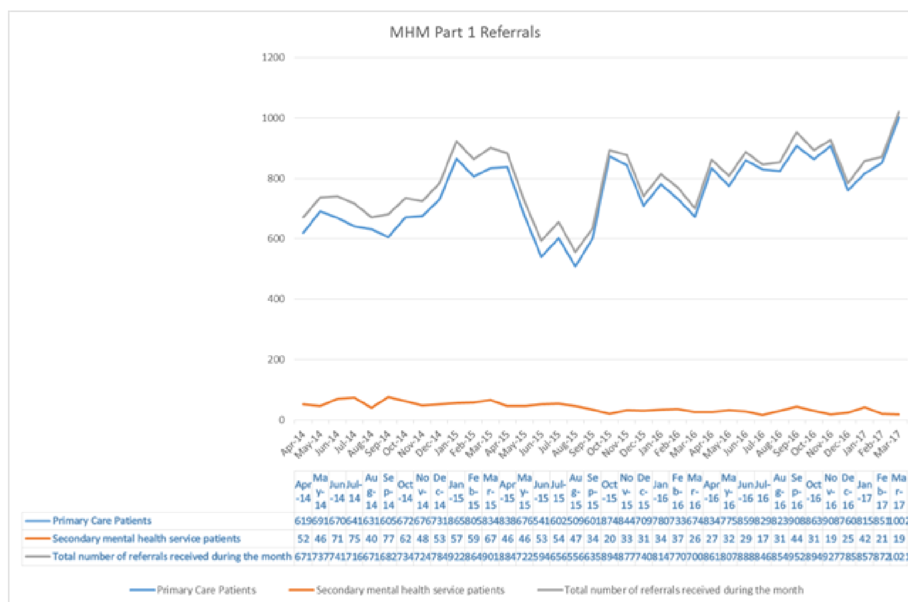
HMP Berwyn prison became operational late in the 2016/17 and the Health Board is providing and commissioning a range of healthcare services. For 2017/18 this includes £0.9m for mental health services.

North Wales is reflective of most health systems in that demands on mental health services are increasing due to a growing and ageing population and the wider determinants and social factors also impact. Increases in demand are experienced in all aspects of mental health services including primary care, demand for services for older people and specialist mental health services.

Benchmarking data shows that the Health Board has significantly more mental health inpatient beds when compared with other providers across the UK and the Health Board is working on moving care away from being provided in hospital to care delivered in the community and in people's homes.

Our strategy for mental health services recognises that people have medical, psychological and social needs and we are increasingly aware of complex patterns of co morbidities. Our strategy also recognises that our services need to deliver integrated, holistic care which focuses on recovery and emphasising active rehabilitation.

Mental Health Measure referrals (and source) have been tracked from 1st April 2014 and the chart below shows an upward trend. This confirms that increases in demand are being experienced which reflects a growing awareness of mental health issues including conditions such as Attention Deficit Hyperactivity Disorder (ADHD). The Health Board also provides a range of specialist services including perinatal mental health, dementia and Huntington's.



	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Primary Care Patients	619	691	670	641	631	605	672	676	731	865	805	834
Secondary mental health service patients	52	46	71	75	40	77	62	48	53	57	59	67
Total number of referrals received during the month	671	737	741	716	671	682	734	724	784	922	864	901

	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Primary Care Patients	838	676	541	602	509	601	874	844	709	780	733	674
Secondary mental health service patients	46	46	53	54	47	34	20	33	31	34	37	26
Total number of referrals received during the month	884	722	594	656	556	635	894	877	740	814	770	700

	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
Primary Care Patients	834	775	859	829	823	908	863	908	760	815	851	1002
Secondary mental health service patients	27	32	29	17	31	44	31	19	25	42	21	19
Total number of referrals received during the month	861	807	888	846	854	952	894	927	785	857	872	1021

The Health Board has taken action to implement the Mental Health Measure but does not track specific costs associated with this. The Health Board considers that the measures provide a framework for ensuring that services are planned to meet the needs of the population and highlights areas of unmet need.

There is a significant emphasis on patient and carer experience and this information is being used to develop systems of care. The full implementation of the Mental Health Strategy work in North Wales will provide further opportunity to fully implement the principles of the Measure into services.

Primary Care Services

The provision of mental health and learning disability services within Primary Care is included within the GMS contract. This is supplemented through enhanced service provision (expenditure £0.2m in 2016/17). Further expenditure of £0.4m is incurred with Primary Care practitioners via the Quality Outcomes Framework. These payments include the development of registers within primary care setting as an important building block in providing better quality and more appropriate services for the patient population.

Ring fence allocation

The ring fenced allocations for Mental Health and Learning Disability services are based on historic Programme Budgeting returns submitted by the former North Wales NHS Trusts before the integration of NHS Wales.

The methodology adopted across Wales includes total recorded costs for patients with a primary diagnosis of a mental health condition. This approach, therefore, will include all healthcare costs irrespective of whether the costs relate to the mental health condition or otherwise. For example, if a patient with a mental health primary diagnosis presents with a fractured hip the costs of treating the hip will be captured within the mental health ring-fence. The ring fence allocation also includes overheads which are not reported by the Health Board at a service level.

Whilst the importance of maintaining and developing services is recognised the ring fence has significant drawbacks as described above.

The most recent calculation is based on 2015/16, as this represents the latest actual data available. The calculation excludes Learning Disabilities services. The value of the ring fence based on the 2015/16 Welsh Government Allocation letter is £132.32m. The actual cost is calculated as £146m, which shows that the Health Board is spending circa £13.7m above the ring fence. The next submission is due in October 2017.

Financial Performance

Historical Financial Context

The Health Board has two statutory duties to achieve:

1. To ensure that its revenue and capital expenditure does not exceed the aggregate of the funding allocated to it over a rolling period of 3 financial years, and

2. To prepare a plan to secure compliance with the above duty, providing healthcare and improving the health of the population, and for that plan to be submitted to, and approved by the Cabinet Secretary. This was first required in 2014/15.

The Health Board was placed in Special Measures in June 2015 and, in agreement with Welsh Government, has not submitted a three-year plan. As a result of this, the Health Board has been operating under Annual Operating Plan arrangements.

The table below sets out the Health Board's revenue performance against the first rolling three year period. On the 16 March, the Board approved the 2017/18 budget of a deficit of £26m.

Year	14/15	15/16	16/17	Total
Deficit £'m	26.6	19.5	29.8	75.9

The Minister for Health and Social Services placed the Health Board in Special Measures in June 2015. The implementation of the Special Measures Improvement Framework has resulted in additional costs for the Health Board, necessitated to address longstanding areas of concern. The Health Board received a specific allocation in 2015/16 and 2016/17 to support the additional costs of special measures.

2017/2018 financial year

The Board approved the 2017/18 budget in March 2017 which confirmed a planned in year deficit of £26m. The key elements are outlined in the table below which confirm that to achieve the forecast deficit of £26m savings of £35.4m (3.5%) were required. During the budget setting process it was recognised that it contained inherent risks including the non-delivery of savings plans and demand growth.

	£'m	£'m
Discretionary income uplift		**(19.3)**
Opening financial challenge		
Health Board underlying financial gap	35.0	
Total Health Board inefficiency		**35.0**
Unavoidable cost pressures		**19.7**
Discretionary savings requirement		
Cash releasing	(30.4)	
Cost avoidance	(5.0)	
Total discretionary savings		**(35.4)**
Net position before Health Board funding decisions		**0.0**
Expected cost pressures		17.5
Board pre-commitments to meet underlying demand and service commitments/compliance		8.5
Net budget deficit before new development proposals		**26.0**

At Month 4, the Health Board has over spent by £17.2m. Of this, £8.8m relates to the Health Board's planned budget deficit and £8.4m represents an adverse variance against the financial plan. The adverse variance reflects under delivery of savings across the Health Board and activity and cost pressures within the divisions of Secondary Care and Mental Health and Learning Disabilities in particular. A Financial recovery plan has been approved by the Board.

Underlying Causes of the Deficit

As with the rest of Health organisations across the United Kingdom the Health Board is facing financial pressures arising from increased costs and/or rising demand due to a number of factors. An ageing population with materially more people over the age of 65 than five years ago has increased demand for both emergency and planned health care across the whole system - North Wales has a higher elderly population than the average for Wales. This has

been compounded by population increases in the prevalence of long term illnesses/conditions such as diabetes, obesity, mental health etc.

Problems in relation to staff recruitment and retention have seen shortages of GPs and Clinical staff, specifically Medical and Nursing leading to increases in the use of locum and agency staff whilst also putting pressure on our waiting times.

New drugs and other new treatments have increased the number of conditions the NHS is able to treat, it have enabled us to provide treatment in circumstances where previously we could not. Modern clinical practice requires far higher level of diagnostic tests and has seen the introduction of multiple disciplinary team decision making which results in better decisions but is far more costly in terms of the resource required.

The use of benchmarking data always needs to be treated with some caution but based upon the current service configuration benchmarking suggests there are significant opportunities for productivity improvements and cost reduction for the Health Board. From this analysis the Health Board is clear on the causes of the current underlying £35m deficit and the nature of the scale of opportunities over the medium term which will require culture of the organisation, at and across all levels, to be one that challenges all aspects of service delivery.

Action on Reducing the Deficit

The Health Board considers that effective budget management is key to achieving financial forecasts. All budgets are delegated with Accountability Agreements in place to reinforce roles and responsibilities. A framework of support has been developed which includes both written handbooks, access to learning resources and a professional finance support. The aim is to embed a culture of appropriate control and challenge underpinned through professional approaches to procurement and contract management, use of technology and capital planning.

The value driven agenda

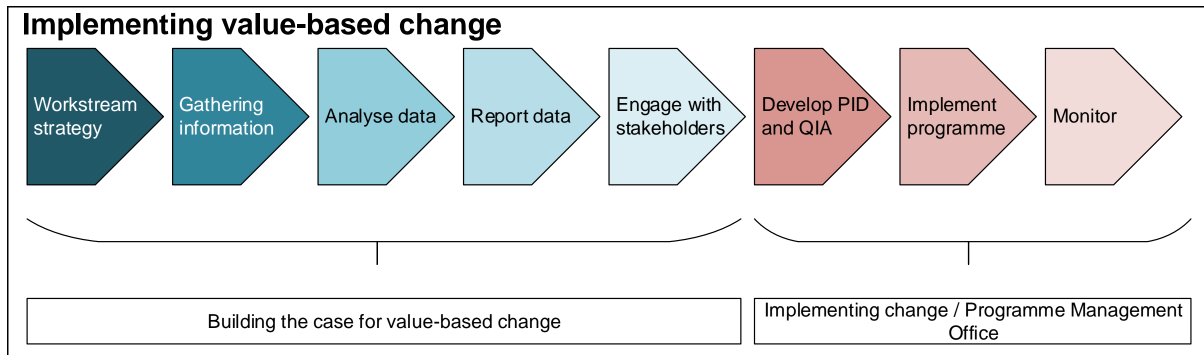
A focus on cost management will not totally address the underlying deficit and during 2017/18 the Health Board is developing a value driven approach.

This will encompass four work streams, as follows:

1. Allocation of resources (Allocative value)
2. Service usage (Allocative value)
3. Secondary care productivity (Technical value)
4. Outcomes (Personalised value)

A further important development is embedding the principles of Prudent Healthcare. These principles have been mapped to the Health Board's Strategic Goals, and a wide range of projects are being implemented as a result.

It is expected that this will result in the development of cases for value-based change. These will then be implemented through the existing Programme Management Office framework.



As part of this work, the key service lines which are inefficient for the Health Board will be reviewed, and plans developed to address these will be incorporated into the integrated medium term plan.

NHS Finances (Wales) Act 2014

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.

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.

Aligned to the Act, we welcome the research based approach which WG 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.

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.

However, organisations have faced significant challenges in preparing for the 2017/18 financial year, despite additional resource allocations. The planning cycle has seen three organisations being placed in Welsh Government's targeted intervention status as a result of their financial positions; and other organisations are also reporting deficits in-year. While the reasons for each organisation will be somewhat different, there are consistent issues across the NHS in Wales, in common with the rest of the United Kingdom. The WG 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.

The Health Board was placed in Special Measures in June 2015 and has not submitted a three-year plan. As a result of this, the Health Board has been operating under Annual Operating Plan arrangements. Coupled with the significant 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 to be encouraged.

The pace of change

Organisations have faced significant challenges in preparing for the 2017/18 financial year, despite additional resource allocations. However, the policy framework in Wales does allow an appropriate focus on the issues in planning for future years:

1. The Wellbeing of Future Generations Act requires NHS organisations to work in partnership with other public and thirds sector organisations. This will be a key enabler to deliver system wide change.

2. 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.

3. The WG 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.

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.

Workforce pressures

Recruitment challenges: There are substantial areas of shortage within the registered nursing workforce which is a significant challenge for the Health Board and across the National Health Service both nationally and in Wales; the ability to attract potential Nurse Candidates is one of the biggest challenges for the organisation. On average 85 per cent of rosters are filled in hospitals across North Wales, and gaps are presently filled by bank and agency staff, the ability therefore to attract and retain qualified staff through continued recruitment initiatives will be crucial.

As with Health Organisations across the UK, north Wales experiences challenges in recruitment of medics across hospital and primary care sectors. There are examples of positive successes such as the appointment of the senior clinical fellows in pre-hospital emergency medicine at the Emergency department at Ysbyty Gwynedd, the appointment of additional Consultant Obstetricians to help sustain Obstetric services across North Wales and the appointment of salaried General Practitioners to the Healthy Prestatyn model.

Actions being taken:

Medical - The Health Board supplements normal recruitment activity with bespoke initiatives such as its Medics North Wales website which provides a portal for potential applicants – including a spot light on individuals, information on different aspects of clinical work, a flavour of educational activities and research and development opportunities. As part of this, the Health Board operates an Outstanding GP programme aimed at providing additional development opportunities to those who wish to further their training and experience. It targets those who wish to work and live in one of the most spectacular areas of the UK, providing a flexible scheme where each GP appointed creates a bespoke solution by adding 2 options to core programme. The duration of scheme between 1 and 3 years. The Health Board continues to look at how a wider range of professional groups might contribute to work which has previously been undertaken by doctors. One such initiative being supported by the Health Board is the development of a Physicians Associate programme at Bangor University, which commences this September with 6 participants per year. The Health Board is fully committed to the all-Wales marketing and recruitment campaign. It has participated in both the all-Wales commitment to the BMJ Careers Fair in London and the Royal College of General Practitioners Conference in Harrogate.

Registered Nursing and Midwifery – the Health Board held a number of registered nursing recruitment events, with 67 individuals being offered posts. It is anticipated that the majority of those successfully appointed will commence in September 2017 on completion of their pre-registration nursing degree. Areas appointed to include mental health, East, Central, West and paediatrics. International recruitment to India took place in March 2017 with 56 applicants appointed to posts within acute, community and mental health services. The expected start date for the international recruits will be September 2017 to November 2017 pending Certificate of Sponsorship, Visa and NMC requirements. The Return to Practice course at Bangor and Glyndwr Universities remains popular, with 28 RTP students on the course and new cohorts commencing in May and June 2017. Figures have not been finalised for the new cohorts as additional applicants are currently being interviewed jointly by the universities and BCUHB education team. Work continues jointly with Bangor University to maximise clinical

learning placements and opportunities and identify additional clinical placement areas for students. Secondary Care establishment reviews have commenced led by the Secondary Care Nurse Director (Interim), with the agreed process including triangulation of all Wales acuity and dependency data, nurse sensitive indicators, professional judgement, roster requirements and financial information. Speciality areas have been agreed and similar speciality wards aligned across the three acute hospitals. Additionally work is underway to review shifts patterns within secondary care, supported by the implementation of the Safe Care Module. A continued focus on effective rostering of substantive staffing through the e-rostering system, with enhanced scrutiny of rosters, key performance indicators and holding to account through agreed performance management frameworks. Work continues with the informatics team to include e-rostering KPIs and bank and agency usage within the newly developed quality and safety dashboard.

Other and General - The BCU Health Care Support Worker Development Group is progressing the development of HCSW roles in line with workforce plans, ensuring role development is maximised for HCSW that have completed level 4 qualifications. Over the next 3 years we will develop a more flexible, sustainable and skilled workforce who will support the delivery of transformational change. There will be a move towards more generic, interchangeable professional roles which reflect the demand for more efficient and effective, patient-centred clinical care pathways, which are underpinned by the '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. The following are key workforce themes have been identified by the Service Areas in their 2017/18 operational plans:

- Efficiencies in bank, agency, locum use
- Skill mix changes
- Shifting of the workforce from acute to community
- Reducing sickness
- Focus on Consultant productivity
- Development of localities - new models of delivery and employment models being developed
- Centralisation of fragile services and pathway redesign
- Efficiency – "Prudent Healthcare"
- Medical workforce recruitment risk
- Development of Advanced Practitioners to support the Medical workforce shortages
- Primary Care team development
- Diagnostics – Imaging , Pathology – service redesign and modernisation
- Administrative & Clerical – Digitisation and new ways of working

Bank and Agency - The Nurse Bank continues to actively recruit with 612 HCSW and 35 registered nurses successfully recruited to the bank during the last 12 months. The Nurse Bank opening hours have been extended to meet the increased demand from divisions with the service now provided until 08.30 - 20:00 Monday to Friday, with a half day service during weekends and bank holidays. A review of pay rates for substantive staff on the bank has been completed. Where there is difference between substantive pay point and the pay point in line

with their bank role, this has been rectified in April 2017 pay return. In line with the all Wales directive to reduce and ultimately stop off contract agency usage, a BCU wide strengthened agency control process has been implemented. The introduction of the new all Wales Agency contract in April 2017 has resulted in a number of additional contract agencies providing temporary staffing for North Wales.

Initiatives with the local community: The North Wales Skills and Employment plan recognises that the health and social care sector in North Wales faces significant skills and staffing issues in the coming years. As the largest employer within in North Wales BCHUB is proactively developing new ways of attracting local staff to the organisation. The Step into Work programme is one such approach, and provides a systematic programme of volunteer work placements for a range of people, for example, those who are furthest from the job market, young people who are not in employment or training, those in BME groups, those who have a learning disability and those currently claiming job seekers allowance. Offering structured volunteer work placements is a valuable way of providing the local population with work experience that can potentially lead to employment. All volunteer work opportunities offer a six week placement of a minimum of 16 hours a week for 6 weeks in their chosen job role. Job roles in the NHS include, for example, porters, domestics, administration services, laboratories and health care support workers. Volunteers who successfully achieve all the required training and competencies and meet the essential criteria of the post that they are applying for are guaranteed interviews. Several have already been successful in securing temporary, permanent or apprentice posts in the organisation. Significant work has taken place with several departments in the organisation to raise the potential of developing apprentices in the organisation. A range of resources have been developed to support managers to understand the process of employing an apprentice as part of their workforce, and work to raise the profile and potential of apprentice pathways is underway.

Staff Engagement - BCU Board approved the Staff Engagement Strategy in August 2016. A tri-partite Staff Engagement Working Group oversees progress on the staff engagement work programme. A progress update was considered by the Board at its January 2017 meeting. Key highlights:

- Significant staff engagement activities including launch of the *Discover,Debate,Deliver* (3D) listening and engagement process to support staff involvement and contribution to service improvement
- Positive re-enforcement of values and launch of Proud to Lead Leadership behaviours framework with implementation through orientation, PADR and development programmes
- Engagement through Engagement ambassadors and Listening Leads
- Improved communications and re-launch of team briefing
- Increased focus on staff recognition- introduction of Gwobr Seren Betsi Star Award
- Proud of campaign with photo-boards and Ward staffing information
- Refreshed communication of Raising Concerns Policy, Safehaven process and Speak Out Safely pledge.

The 2016 Staff Survey results showed a marked improvement on nearly all measures and an increase in the Engagement index score from 3.35 to 3.51. Improved scores in advocacy statements, job satisfaction, satisfaction with care given, line manager support. Strong improvement in staff views on learning/training and appraisal effectiveness. Areas for improvement identified by staff: further improvements in communication and change management, involving staff in problem-solving and decision-making at team level, increased recognition and feedback for staff, improving mental wellbeing and dignity at work and reducing violence against staff.

Impact of Brexit

Approximately 37% of BCUHB staff declare a nationality other than British. This amounts to some 5,200 WTEs. The challenges to the future will not relate solely to Brexit but to the wider UK immigration policies and regulations – as these are determined. The Health Board continues to share information with NHS Employers and the Cavendish Coalition, which is a group of health and social care organisations. Any impediments to recruitment and drivers of increased turnover will pose increased recruitment challenges; the costs of which have not been calculated.

Response to information requested by the Health, Social Care and Sport Committee September 2017

1. **Mental health**

a. **The allocated spend on mental health services**

The Health Board completes Programme Budget returns on an annual basis which shows the fully absorbed costs for a range of health conditions. This includes the cost of services provided by CTUHB and commissioned from other health boards plus overheads.

The latest published returns for 2015/16 show an allocated spend on mental health services of £75.2m; this compares to the mental health ring fence allocation of £65m.

The Returns for 2016/17 will be submitted on the 27 October 2017.

b. **Spending on the mental health strategy and delivery plan**

The following investments have been made over the past three years on the mental health strategy and delivery plan:

- 2015/16 – CTUHB received additional funding of £0.7m from the Welsh Government (WG) for investment in a psychological liaison service, psychological therapies, perinatal services and dementia support workers. The UHB also received £1.0m of additional WG funding for child and adolescent mental health services (CAMHS) and £0.5m Delivery Agreement funding for older persons community redesign.

- 2016/17 – The UHB received additional funding of £0.5m from the WG for inpatient psychological therapies, hospital based flexible resource and Local Primary Mental Health Support Services. (LPMHSS) as well as £96k development plan funding for community outreach.

- 2017/18- The UHB received additional investment of £1.1m to support a number of developments. This funding is being used to:

- redesign our older persons mental health services by creating Dementia Care Hubs in Treorchy and in Merthyr Tydfil.
- Extend the Psychiatric Liaison Service and provide additional health care support worker staff on inpatient wards.

Resources for primary and secondary mental health services

The following table provides further information on the breakdown of our £75.2m allocated spend on mental health services in 2015/16:

	2015/ 2016
	£m
General Medical Services (including Quality Outcomes Framework (QOF) and Enhanced Services)	3.0
Prescribing	3.8
Total Primary Care	**6.8**
Cwm Taf – Mental Health	40.9
Cwm Taf – Child and Adolescent Mental Health Services (CAMHS)	2.4
Other Welsh providers	1.0
Other secondary care	2.7
Welsh Health Specialised Services Committee (WHSSC)	4.0
Total Secondary Care	**51.0**
Continuing Healthcare	**17.4**
Grand Total	**75.2**

c. The impact of the Mental Health Measure on spending

As at Month 4 of 2017/18 the UHB is achieving all the Mental Health Measure (MHM) targets:

Target	%
Part 1 assessments in 28 days	94
Part 1 treatments in 28 days	89
Care and Treatment Plan (CTP) part 2	92
Part 3	100

The UHB received additional funding from the WG for the MHM in 12/13 (£0.36m) and 2016/17 (£0.14m).

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

The UHB does not deliver mental health services to the prison estate. However the UHB does provide a CAMHS service to Parc prison for a recharge of £50k per annum.

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

The table below shows the patterns of expenditure (based on the programme budget data) for the last 3 years of published data.

	2015/16	2014/15	2013/14
	£m	£m	£m
General Medical Services (including Quality Outcomes Framework and Enhanced Services)	3.0	2.9	4.0
Prescribing	3.8	4.2	4.7
Total Primary Care	**6.8**	**7.1**	**8.7**
Cwm Taf – Mental Health	40.9	40.6	38.6
Cwm Taf - CAMHS	2.4	2.0	2.1
Other Welsh providers	1.0	1.0	1.7
Other secondary care	2.7	1.2	1.5
WHSSC	4.0	5.7	6.4
Total Secondary Care	**51.0**	**50.5**	**50.3**
Continuing Healthcare	**17.4**	**17.3**	**14.5**
Grand Total	**75.2**	**74.9**	**73.5**

The demand patterns in relation to the Cwm Taf Mental Health costs are as follows:

	2015/16	2014/15	2013/14
Mental Health Referrals	3485	3873	3528
Expenditure(£m)	40.9	40.6	38.6

f. 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 chart below illustrates the ring fenced allocation and the actual programme budget expenditure for the last 3 years of published data. Whilst we support the principle of the ring fence for this important area, it has not influenced spending decisions in CTUHB as we have consistently spent more than the ring fenced allocation.

	2015/16	2014/15	2013/14
	£m	£m	£m
Ring fenced Allocation	65.0	65.0	64.8
Total Programme Budget Return	75.2	74.9	73.5

2. Financial performance

a. Details of overspend / underspend and reasons for this

The UHB's financial plan for 2017/18 includes an in-year savings and cost reduction target of £13.5m which is circa 2.7% of a controllable budget of £500m:

	£m
Overspend reduction targets from 16/17:	
Medical pay	2.4
Ward nursing	3.0
Other pay	0.8
Total overspend reduction targets from 16/17	**6.2**
Savings delivery shortfalls from 16/17	2.2
New savings targets for 17/18	9.1
Total savings and cost reduction targets 17/18 - Recurring	**17.5**
Provision for part year effect	(4.0)
Total savings and cost reduction targets 17/18 – In Year	**13.5**

The Health Board reported a deficit of £0.4m for Month 4. The M4 year to date (YTD) position is a £1.4m overspend and the Health Board continues to forecast a break even financial position for 2017/18. The Month 4 (M4) position by expenditure category is summarised below:

	Annual Budget	Current Month Variance	M4 Year to Date Variance
	£m	**£m**	**£m**
Income	(82.1)	0.1	0.3
Pay	336.4	(0.1)	0.5
Non Pay	368.0	0.5	0.6
Delegated Saving Plans	(8.0)	0.4	2.1
Total Delegated budgets	**614.3**	0.9	**3.5**
Non Delegated Budgets	33.6	(0.5)	(2.1)
WG Allocations	(647.9)	(0)	(0)
Grand Total	**0**	**0.4**	**1.4**

The main driver of the M4 YTD deficit is the £2.2m YTD variance on shortfalls in savings delivery against the Delegated savings target of £14.5m. This includes shortfalls against the overspend reduction targets noted above for medical pay (£2.4m) and ward nursing (£3.0m).

It is important to note that the total over spend on ward and Accident & Emergency (A&E) nursing in 16/17 was £6.0m. Directorates have been fully funded for this overspend and have been given a cost reduction target for 17/18 of £3m (50%). The latest forecast indicates that only £1.5m of this target will be delivered in 2017/18 which would mean that the actual cost of ward and A&E staffing in 2017/18 would be £4.5m above the agreed establishments (circa 10%).

The M4 YTD total overspend on Non Pay of £0.5m is circa 0.5% compared to 4 months of the annual budget.

The M4 YD total overspend on Pay of £0.5m is also circa 0.5% compared to 4 months of the annual budget. A breakdown of the pay over spend is provided below:

	Annual Budget	Current Mth Variance	Year to Date Variance
	£m	**£m**	**£m**
Additional Clinical Services	38.5	0.7	0.6
Add Prof Scientific And Technical	12.2	0	(0.1)
Administrative & Clerical	44.5	0	0
Allied Health Professionals	19.7	(0.1)	(0.2)
Estates and Ancilliary	20.3	0	0
Healthcare Scientists	9.9	0	0
Medical and Dental	80.7	0.7	1.3
Nursing and Midwifery Registered	111.0	(1.6)	(1.2)
Students	0	0	0
Other	(0.4)	0.2	0.1
Grand Total	**336.4**	**(0.1)**	**0.5**

The key areas of over/under spending are in relation to Medical & Dental, Registered Nursing and Additional Clinical Services

Medical & Dental

The main reason for the significant overspend on Medical & Dental is recruitment difficulties in the following areas, resulting in agency spend of circa £1m per month:

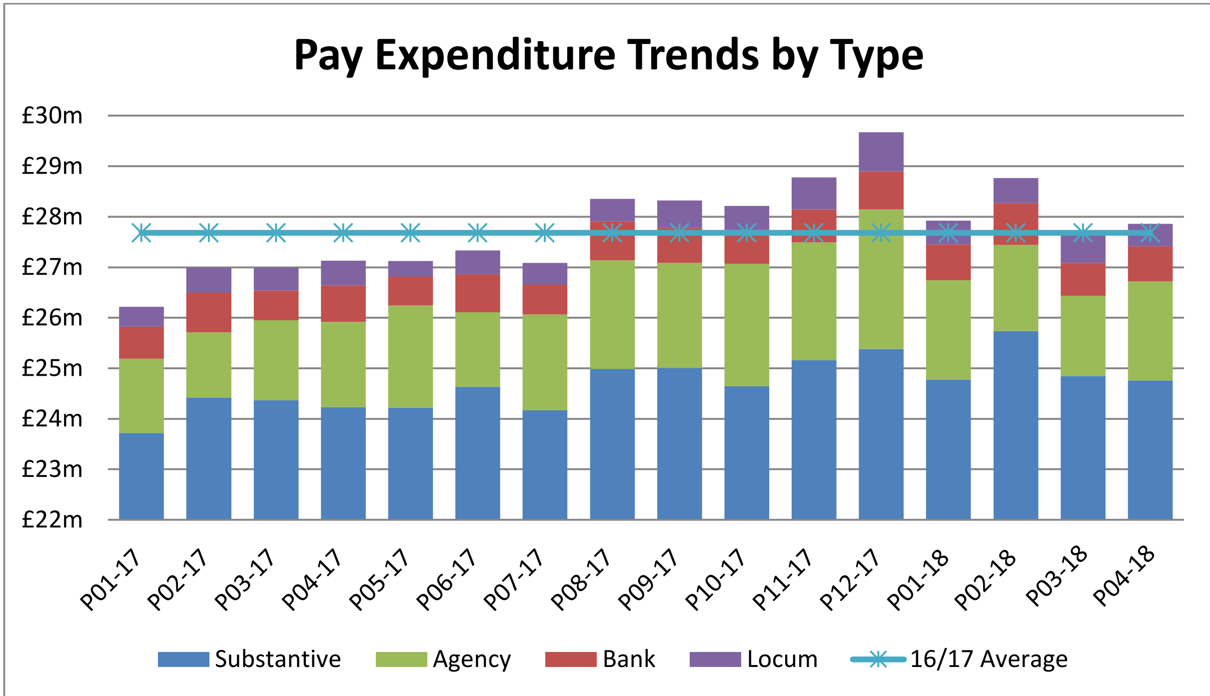
- Acute Medicine and A&E
- General Surgery, Trauma & Orthopaedics and Urology
- Anaesthetics, Critical Care & Theatres
- CAMHs
- Primary Care
- Obstetrics & Gynaecology
- Pathology

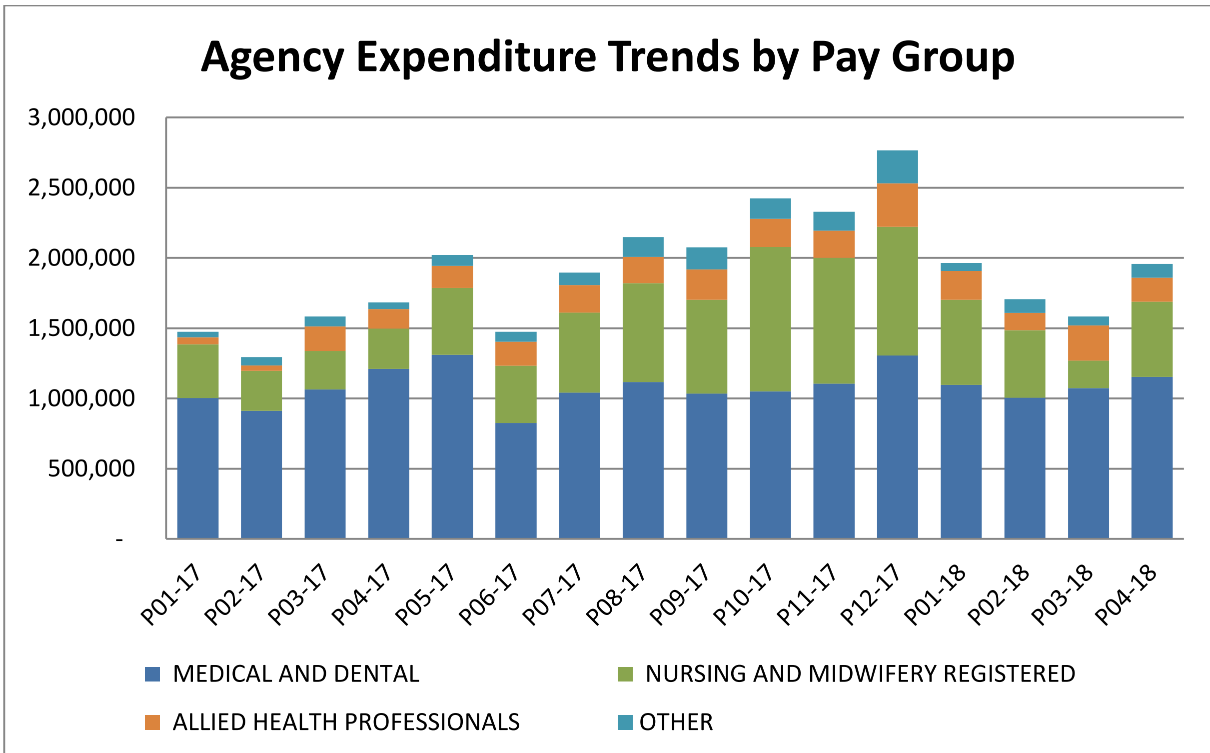
Registered Nursing & Additional Clinical Services

The under spend on Registered nursing is also due to recruitment difficulties which has resulted in additional agency costs and additional spend on Additional Clinical services. The M4 YTD position is a net under spend of £524k split between 'Wards and A&E nursing' of £236k and 'Other nursing' £286k.

b. **Key pressure areas and plans in place to make improvements**

The key pressure areas are medical and nursing agency which are illustrated in the charts below:





There are a number of actions in place to improve this position including recruitment, stabilisation of rates of pay, actions to manage growth in demand, and delivering on further opportunities for improvement. Further information on the plans to address our key workforce pressures and staff shortages is provided in Section 4.

c. Views on the perceptions that there remain opportunities for the NHS to make further efficiency savings

CTUHB has delivered financial balance for each of the last three years from 2014/15 to 2016/17. Each year we develop integrated plans which require us to deliver three groups of priorities:

- Quality of care (standards which increase year on year);
- Performance targets (such as waiting times);
- Financial balance.

Efficiency and productivity are key components of delivering quality, performance and financial objectives. Some of the efficiencies delivered are cash-releasing whilst others generate capacity that enables us to treat more patients within the same available resources.

The requirement to make continued efficiency savings year on year becomes increasingly difficult but we constantly use benchmarking data and best-practice guidelines to drive relative and actual performance in this respect. As noted in Section 2a, we are currently reporting a significant shortfall against our Delegated savings target of £14.5m but are working hard to bridge that gap in-year and on a recurring basis.

It should be noted that efficiency through better use of capacity is as significant in whole-system management of the NHS as cash-releasing efficiency savings given that demand for care is increasing in a cash-restricted public sector system.

d. Any projected spend on technology and infrastructure to support quality and efficiency

Discretionary capital

From 2016/17 the Health Board has had a recurrent discretionary capital allocation of £6.78M to direct towards the capital priorities within the organisation. The following table represents the current allocation of this funding for the 2017/18 discretionary capital programme.

	Amount of Allocation £000	Proportion of Allocation %
IT	1,602	24%
Equipment Replacement	2,239	33%
New Equipment and Service Redesign	1,287	19%
Statutory Compliance and Backlog Maintenance	1,653	24%
Total	6,780	

The need to ensure that scarce capital resources are directed to the areas where they provide the most benefit to the organisation means that the need to improve the quality of patient care, experience and environment feature highly in capital allocation as does the need to support efficiency in service delivery. However, this does have to be measured against the

critical requirement to maintain statutory compliance (including key health and safety issues) and equipment replacement to ensure service continuity. The replacement of equipment and the compliance agenda often lead to improvements in efficiency through improved technology and processes (e.g. some new high technology radiology equipment can result in higher throughput of patients within the same timescales).

Estates Strategy

Our refreshed Integrated Medium Term Plan (IMTP) sets out a number of service changes, many of which will have a significant impact on the estate. Our Estates Strategy sets this out in more detail, but some of the more major impacts include:

- A major redesign of services provided from Royal Glamorgan Hospital (RGH), which will require capital refurbishment as an enabler. This will include the development of the Diagnostic Hub, transfer of palliative care services onto the site, centralisation of breast services and a number of changes arising from the South Wales Programme including the introduction of a Paediatric Assessment Unit and Acute Medicine model.
- Establishment of a 'health park' type facility on the Dewi Sant site, with a mix of primary and community health care, social care and third sector partners using the site for ambulatory care. Again, capital will be a major enabler.
- Service remodelling which will see Tonteg Hospital and Pontypridd and District Cottage (Y Bwthyn) Hospitals becoming surplus to requirements, and further reviews on-going to determine whether any further community premises may be vacated in the future.
- Development of a purpose built Macmillan palliative care facility on the Royal Glamorgan Hospital site.

Over the coming three years, the strategic objectives for our estate are to ensure that:

- The estate is developed to meet emerging service models.
- All statutory and safety obligations are achieved.
- Backlog maintenance levels are reduced year on year to a nominal amount by 2017/18.
- Performance against the 6 national targets is improved, with the 90% target achieved by 2017/18.
- The cost per square metre is reviewed each year, reducing it if possible, taking account of the safety of the service.

Major capital investment

Major capital investment is required to implement a number of elements of the Health Board's 3 Year Plan. The Health Board has submitted to the Welsh Government a set of priorities for capital investment for the coming years, with schemes that enable service model changes, facilitate performance and efficiency improvements and maintain the Health Board's assets (estate and equipment) to a high standard. Specific major schemes include:

- Prince Charles Hospital (PCH) ground and first floor refurbishment project.
- Strategic programme to develop the primary care estate.
- Major radiology modernisation programme at both PCH and RGH.
- Creation of a new, expanded paediatric, obstetric and neonatal service at PCH to enable the outcome of the South Wales Programme
- Palliative care remodelling in conjunction with Macmillan to facilitate the move of palliative care services currently at Pontypridd and District Cottage Hospital to RGH and close Pontypridd & District Cottage Hospital (Y Bwthyn).
- Schemes to enable service model changes include:
    - Redesign of RGH to facilitate the outcome of the South Wales Programme, including the development of a Diagnostic Hub and suitable accommodation to meet the emerging requirements of emergency/acute medicine.
    - Reconfiguration of the Dewi Sant site to enable the development of a Health Park facility.
    - Potential joint development of a Satellite Radiotherapy unit at PCH as part of the new Hub and spoke delivery plan in development by Velindre.
    - Creation of an integrated primary and community care development in Mountain Ash.
- Schemes to facilitate improvements in performance and efficiency include:
    - Major Information Communication and Technology (ICT) investment to enable the move towards electronic health records, for example including electronic prescribing, document management technology, digital dictation and digitisation.
    - Energy management improvements to secure revenue reductions and digitisation
    - Centralisation of switchboards across the UHB.
    - Radiology Information system replacement
    - Radiology Information Technology performance and resilience
    - Welsh Community Care Information System (WCCIS) implementation
    - Major engineering infrastructure schemes with a particular focus on RGH including replacement of electrical and mechanical systems, generators, switchgear and air handling plant

A number of these schemes have already received Welsh Government funding approval and relate specifically to the organisation's quality and financial plans with capital funding required to facilitate the changes in service models that will lead to achievement of cost reduction plans. Work is on-going to ensure that the appropriate business cases are developed to secure the critical funding still required and that they are submitted in a timely fashion. Elements of this investment plan are already acknowledged by the Welsh Government and either already secured or included in the future All Wales Capital Programme.

A significant level of additional capital funding in 2016/17 has allowed the Health Board to address a number of risk areas through further medical

equipment purchase and ICT replacement, and has also enabled the implementation of a number of corporate priorities aimed at improving performance. The Health Board will continue to take advantage of any other funding opportunities or routes which become available, such as the Health Technology Fund, 'Invest to Save' and Integration Funds,
In summary, the following reflect the specific priorities for the coming year outlined in the Capital Plan and the Estates Plan:

- Further development and agreement of a Primary and Community Care Estates Development Plan, with associated integrated health and social care developments where appropriate, supporting the delivery of the Primary and Community Care Plan and implementation of the Social Service and Well-Being (Wales) Act 2014.
- Refurbishment of Tonypandy and Aberdare Health Centres.
- Further development of the Dewi Sant site into a Health Park facility, with consideration being given to how Ysbyty Cwm Cynon (YCC) and Ysbyty Cwm Rhondda may also be able to contribute to this service model in their respective communities.
- Commencement of the physical refurbishment works of ground and first floors at PCH to meet the requirements of a live Fire Enforcement notice.
- Continuation of the major radiology equipment replacement programme.
- Creation of a new and expanded paediatric, obstetric and neonatal service at PCH in line with the outcome of the South Wales Programme and investment in RGH to facilitate the Paediatric Assessment and Midwifery Units.
- Completion and submission of the Palliative Care Unit Business case.
- Development of phase 2 plans for the Diagnostic Hub.
- Significant changes to the RGH site,
  - developing detailed programmes for plant/ equipment replacement to ensure that the hospital retains a suitable physical condition and statutory compliance;
  - creating, revising and implementing site development plans for RGH to accommodate the changes outlined including a Breast Unit, co-located acute medicine service and ambulatory care services;
  - developing a suite of business cases to secure capital to enable these changes to be implemented.
- Digital health records management, implementation of the Welsh Community Care Information System and other ICT investment to support digital health.
- Continuation of a disposal programme, with disposal of Pontypridd and District Cottage Hospital (Y Bwthyn) and Tonteg Hospital.
- Review of community premises to determine whether there are further opportunities for site rationalisation.
- Further development of the Williamstown Warehouse to support the continued centralisation of medical records storage/ management and realise the opportunity for digitisation.
- Continuation of benchmarking of costs against English and Welsh providers,
- Negotiations with Welsh Government to secure the significant levels of capital to enable change.

- Undertake a Health Board premises review and facilitate redesign/ rationalisation outcomes.
- Development of an accommodation control plan for RGH.
- Secure and develop a suitably experienced management structure to deliver the expansive capital and estate development programme.
- Review priorities for the Discretionary Capital Programme, taking into account the needs of the organisation’s 3 year plan including:
  - undertaking a range of actions as outlined in the energy management plan, including in particular continuing to seek capital funding for the major schemes required to reduce energy consumption.
- Working in partnership with Velindre NHS Trust on the potential for a Satellite Radiotherapy Unit at PCH.
- Working in partnership with the NHS Wales Collaborative on the establishment of the National Imaging Academy, with Cwm Taf UHB as the host organisation.

Information Communication and Technology - Digital Strategy

Investment in ICT is a critical enabler to allow the Health Board to support the challenge of working across the traditional boundaries and support integration between the various Health Services and other Public Sector bodies, in line with national policies and direction such as the South Wales Plan.

There is a commitment to provide increased care outside of the hospital setting, both near to and in the home of patients. From the patient perspective, the services should be integrated and seamless, with health, social care, and other professionals being able to work effectively and supported by common, reliable, up-to-date information. Patient treatment and care is becoming more fluid with care being provided by primary care and secondary care services in multiple Health Boards and Local Authorities.

For this vision to succeed, as the patient moves physically between care settings and providers, all the appropriate clinical and social care documents must be available at the point of treatment in a timely manner. Clinical teams must have the tools and ability to work in a more agile manner, access to the records of patients must move from inconvenient paper based and hospital based systems, to electronic records, accessible using the latest technology, and delivered in a manner that does not compromise patient confidentiality and safety.

To support this mobile working vision, ICT must be able to provide infrastructure and hardware to deliver the clinical record and applications at the point of care. The era of static working is rapidly becoming replaced with the concept of agile staff based and working where most appropriate to meet clinical needs.

Our IMTP sets out the strategic context in which ICT is operating, the Health Board’s ICT requirements in line with the Corporate Business Plans

and the collaborative working with NHS Wales Informatics Service (NWIS) and other Health Boards. In summary, ICT aims to deliver:

- Robust ICT infrastructure to enable delivery of plans to change how and where staff work
- A move towards a digital health record as a key enabler for change
- An ICT model that supports patient care delivered from where it is best for patients, including support for greater integration of health and social care services
- ICT enablers for improved clinical efficiency
- An ICT Strategy and Standard Operating Procedure which sets out the approach and the resource implications of developments outlined above, including changes to governance of ICT incorporating a greater clinical leadership role.

Efficiency Through Technology Fund (ETTF) - 2017

The UHB welcomes the opportunity to make bids to the ETTF for revenue funding to increase efficiency. We have recently submitted five bids which make up a funding request of circa £1m.

Energy management

In terms of energy management, the Health Board recognises that the consumption of energy and water is necessary for the provision of healthcare services, but that it also has a responsibility to be energy and resource efficient by minimising unnecessary energy usage.

The Health Board has already invested in various low or zero carbon technologies which will help drive it to a zero carbon emitting organisation. The level of consumption in 2014/15 was (422 kWh/m^2) and was rated as an amber performance nationally but improvements made during 2015/16 reduced the consumption to 400 kWh/m^2 whilst CO2 (Kg/M2) emissions reduced from 113 to 106, which has moved the position from an amber to a green national performance indicator.

In 2015/16, the Health Board recorded a total energy cost of £3,810,037, compared to £4,273,329 reported the previous year. This was mainly attributed to a number of energy efficiency projects that have been completed which includes installation of LED lighting, voltage optimisers, efficient boiler replacement and Building Management systems.

The Health Board has agreed an Energy Management Plan which commits the organisation to a 7% reduction in consumption year on year. This includes the introduction of an energy awareness campaign together with a range of capital schemes identified to reduce usage. Much of this plan is dependent on capital becoming available.

e. 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 UHB considers that through the implementation of the NHS Finance Wales Act 2014 this has helped to provide:

- Greater clarity on future funding levels,
- A clear planning and delivery framework
- An environment to support the development of robust plans, and
- An IMTP approval mechanism.

f. Views on the effectiveness of the 3 year plans

The UHB considers that the 3 year plan system is an improvement on the previous planning arrangement. The 3 year IMTP process provides a clear planning and delivery framework for the UHB to plan and deliver its services and associated strategic objectives and key performance targets. The UHB is also incentivised to ensure it has an approved 3 year plan with Welsh Government in relation to the increased autonomy that this provides plus any incentives this may bring such as increased discretionary capital allocations.

In developing 3 year plans however, there remains a natural inclination to have an increased focus on the first year and ensure in-year delivery of key performance deliverables and service quality improvements in addition to financial balance. Through each annual IMTP process the Health Board is developing its approach to ensuring that future year's plans are developed with the same degree of robustness as the first year component and focus on medium term financial sustainability as well as in-year financial balance.

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

Since the UHB has been able to achieve its statutory financial duty in recent years there has been no detailed consideration of the need to use some of the new financial flexibilities under the Act. In relation to the position of NHS Wales as a whole, a key consideration in exploring the use of the financial flexibilities under the Act is how the system as a whole would retain financial balance, and how longer term plans are developed with a sufficient degree of assurance and robustness that future flexibility can be planned with certainty and any risks mitigated.

3. The pace of change

a. Views on how effective current funding mechanisms are in driving transformational change

Please refer to the response from the Welsh NHS Confederation.

b. The extent to which a preventative approach to funding services is currently possible

Please refer to the response from the Welsh NHS Confederation.

c. Action the NHS bodies would like to see from the Welsh Government to address these issues.

Please refer to the response from the Welsh NHS Confederation.

4. Workforce pressures

a. Details of particular pressures and staff shortages, and plans to address

As noted above, we have specific workforce challenges largely associated with recruitment difficulties in certain specialities and staff groups. There is also geographical variation. The main areas of pressure are with our Medical & Dental, Nursing & Midwifery and Allied Health Professional groups.

Medical workforce challenges

Recruitment of NHS staff is a UK wide problem with Health boards across Wales and the wider UK competing to attract a limited workforce. In particular, there are UK shortages in a number of medical specialties. These UK shortages are further compounded by other local and more strategic issues including: the impact of Deanery changes to junior doctor allocations which has affected Cwm Taf particularly in paediatrics, general surgery and A&E; the growth of the locum / agency sector workforce at the expense of the substantive; feminisation of the workforce and the increase in part time training and working patterns; changes to the pension and taxation regimes which are influencing the decisions individuals are making about their employment and retirement.

In Cwm Taf we match these UK areas of shortage with specific challenges in recruiting medical staff with particular difficulties in:

- Paediatrics
- Obstetrics & Gynaecology
- Accident & Emergency
- Trauma & Orthopaedics
- Psychiatry
- Pathology

The table below provides a snapshot of the staffing position in these key directorates at July 2017.

Specialty Area	Grade	CT Employed	CT Locums	Agency Locum	Vacancies
Paediatrics	Consultant	16.7	1	0	1.0
	Senior	9.2	1	3	2
	Junior	16.6	0	1	1.4
Accident and Emergency	Consultant	6.4	0	2	1
	Senior/Junior	19.2	0	6	4
Obstetrics & Gynaecology	Consultant	9.5	4	0	1.5
	Senior	13	0	0	3
	Junior	10	0	0	0
Pathology	Consultant	9.5	2	2	5
	Senior	2.8	0	0	0
Trauma and Orthopaedics	Consultant	12.85	3	0	0
	Senior	12	0	0	1
	Junior	5	0	3	3
Psychiatry	Consultant	15.6	0.5	0	2
	Senior	2	0	4	0
	Junior	10	3	0	2

The impact of these gaps in establishment clearly poses risks in terms of our ability to deliver against our performance targets, ensure that patient care is not compromised in terms of quality and significant financial risk associated with filling gaps with high cost agency locums and additional premium rate hours worked within CTUHB.

We have established a Medical Workforce Productivity Group (MWPG) which has been undertaking analysis of all the demand drivers and putting in place strategies to reduce the reliance on locum and agency staff and therefore the expenditure. In addition to identifying demand, the MWPG will also put in place controls to track and manage costs. They have identified there are common reasons for <u>demand</u> across each directorate, including:

- Permanent gaps in rotas that are difficult to fill – owing to recruitment challenges
- General turnover (e.g. retirements)
- Temporary gaps in rotas due to service redesign
- Short/long-term absences due to sickness absence and maternity
- Increased demand on services (may be seasonal)
- Inefficient rotas/sub-optimum control measures
- Trainee gaps in rotas due to withdrawal of trainees or inability to recruit to training places
- Restricted duties or other absences (maternity, suspensions etc)

In some areas we have in place long term locums and part of our strategy is to attract these over time to become permanent NHS employees (A&E is an example of this where we have had some recent success). This means that in some cases we are not actively recruiting against vacant

substantive posts. We are also participating in national recruitment campaigns through partnership with the British Association of Physician of an Indian Origin (BAPIO) with other HBs where we are recruiting Doctors from India. This sees them work in Wales undertaking Junior Doctor roles as part of their training for a two year period.

The UHB is heavily engaged in the current national work seeking to introduce controls to the cost of agency work, both medical and nursing and these will complement our local work.

We have been working on our recruitment presence and have been able to recruit to several consultant vacancies recently as a result of the innovative service change work underway in some of these specialties including acute physicians, psychiatric liaison and paediatrics.

To support our ongoing efforts to recruit to vacancies, we have recently launched our own Social Media recruitment campaign for Medical staff targeting the specialties we require, dovetailing with Welsh Governments "Train Work Live" recruitment campaign. Our GP cluster in the Rhondda (which is an area where historically it has been difficult to recruit to), have also developed a recruitment campaign and resource entitled Rhondda Docs, which features existing practitioners "selling the service".

However, in some areas where there are severe recruitment difficulties, e.g. within pathology and longer term solutions are required on a national basis.

Additionally an underpinning programme of work has been ongoing for the past 18 months following investment via the Invest to Save scheme to implement electronic rota management and job planning systems for medical staff. All consultants and Staff grade/Associate Specialists (known as SAS doctors) now have electronic job plans and all our medical rotas are on e-rostering for each speciality. Further work is underway to drive the efficiency of our medical workforce deployment through these systems which also allow us to manage annual leave, sickness etc through the e-roster.

Nursing workforce challenges

The increased demand for Nursing staff is also UK wide issue that has been driven up by unforeseen circumstances that were in the main not predictable. These include but are not limited to:

- The Francis Review (Mid Staffordshire), The Andrews Review (Abertawe Bro Morgannwg University Health Board) and resulting demand for higher qualified nursing levels.
- The Nurse Staffing Levels (Wales) Act 2016.
- The South Wales Programme outcome which impacted on the Royal Glamorgan Hospital (RGH) in particular with some destabilization of the workforce who were concerned about the impact of the changes on careers and job security. This

has led to increased turnover at RGH and higher levels of vacancies.
- Labour market changes – particularly the rise of premium agency contracts and the apparent shift in attitude about being employed in "permanent" NHS roles versus accepting more flexible higher paid temporary posts.

This has led to a shortage of available staff across the UK and all HBs in Wales are experiencing similar problems. Within Cwm Taf, the demand and shortages are more acutely felt in our Medicine & Surgical Wards in our District General Hospitals (including A&E), and in our Community Hospitals. This has therefore been our area of focus. We do though continue to actively recruit across the whole of the Nursing family including Mental Health, CAMHS, Localities and more latterly in Primary Care as the model of delivering care is reshaping.

We currently have vacancies for circa 60 Nurses in our Acute Wards, and the largest of the deficits is at the Royal Glamorgan Hospital, where geographically we compete with neighbours along the M4 corridor for staff. Over the last 24 months we have improved our general position, but despite all our best efforts the Royal Glamorgan remains in a static position. This then places a large demand for the use of Bank & Agency staff, which is more expensive than the substantive workforce. We have though removed the use of "Premium Agencies" and have achieved a position where all our agency usage is "on contract".

Regular adverts are placed across several jobs boards, including NHS Jobs, LinkedIn and Indeed.com as part of our efforts to market Cwm Taf. We engaged with an advertising agency to develop a national recruitment campaign to attract nurses to Cwm Taf from other parts of the UK, which launched in July 2016. We have included materials to promote our Health Board's innovative service changes and new roles alongside testimonial and video diaries. The campaign which is ongoing is targeting nurses further afield in the UK to relocate to Cwm Taf.

The Multi media campaign included the following components:
- Social media
- Catch up TV
- Press Adverts
- London Underground
- A dedicated recruitment microsite containing Cwm Taf case studies and news stories, information about local housing and promoting the quality of living and Careers in Cwm Taf. A key element is the video diaries of a number of our NHS staff, and a composite video of a range of nurses explaining in their words the benefits of working at Cwm Taf.

Whilst the microsite was initially being used for the Nursing campaign this has been developed to include more general recruitment vacancies in other occupational groups. For example, the Medical Campaign referred to above is now hosted on the same site which portrays a more professional

image of Cwm Taf UHB to external recruits. We also hosted the launch of Welsh Government's national nursing campaign led by the Cabinet Secretary for Health this July at our Keir Hardie University Health Park in Merthyr Tydfil.

We are actively recruiting nurses from overseas, but due to changes in the language requirements to meet the Nursing and Midwifery Committee (NMC) requirements using the international English language testing system (IELTS test) (which now requires degree level ability in English), this is proving to be a lengthy process with delays before we are able to get recruits on board. For example, 52 Filipino nurses were offered roles in December 2015, only 4 have arrived and 2 have now acquired their NMC registration enabling them to work as registered nurses.

We are currently focused on recruitment to our Allied Health Professionals and Additional Clinical Services as we need to actively recruit to these occupations. We are currently recruiting to support the establishment of the Diagnostic Hub at the Royal Glamorgan, and across a range therapy staff in physiotherapy and dietetics. A dedicated recruitment campaign is being developed to resource these areas.

Whilst the above examples highlight some of the challenges – there are also opportunities to reshape or redesign services and roles to support changing models of service delivery. Positive examples would include:

- Our new Acute Medicine service at the Royal Glamorgan which allows direct access to clinicians on the ward by GPs, Paramedics etc to avoid having to admit patients to A&E.
- Development of Advanced Practitioners in A&E to fill gaps on the rotas for Junior doctors that we are unable to fill
- The use of advanced paramedics in our GP out of hours service and A&E services
- Our Health Care Support Worker (HCSW) skills escalator development programme that is enabling HCSWs to safely undertake work within their range of competence that might previously have been undertaken by a registrant
- A part time degree nursing programme that allows our existing HCSWs to train whilst continuing to work as HCSWs and therefore opening access to those who could not afford to study full time.
- The use of Pharmacists and support staff in our community hospitals to undertake duties that would have fallen to a registrant
- The launch of a Multi Disciplinary staywell@Home service. This includes Occupational Therapists, Physiotherapists, Community Nursing support, Social workers and HCSWs that move patients to being treated in a home setting rather than on a ward. This brings together staff from the UHB and the Local Authorities in a joint team.
- Remodelling the radiography workforce reducing the need for additional radiographers through the introduction of increased administrative and health care support worker roles.

The picture therefore remains challenging – but we are making some progress.

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

Our workforce planning determines the future requirements for the next 3 years. This includes modelling undertaken at directorate level of the retirement profiles, anticipated turnover and recruitment against projected service requirements. We do not currently hold data on the nationality of all our workforce (this is not a mandated data field in the Electronic Staff Record), however we do hold the data on a large enough sample (50%) to draw some conclusions.

Whilst the proportion of the workforce which is of overseas origin is around 5 – 6%, the data that we hold shows that the areas that we are experiencing recruitment difficulties do have higher percentages of staff from the EU and overseas.

	% EU	**% Non EU**
Add Professional Scientific and Technical	2.33%	2.44%
Additional Clinical Services	0.00%	0.36%
Administrative and Clerical	0.45%	0.11%
Allied Health Professionals	3.89%	1.87%
Estates and Ancillary	0.00%	0.00%
Healthcare Scientists	0.00%	1.08%
Medical and Dental	5.12%	44.26%
Nursing and Midwifery Registered	0.98%	4.04%
Grand Total	1.25%	4.51%

Currently nursing does appear on the Home Office shortage occupation list, which does mean we can recruit Nurses from overseas. As explained earlier there significant barriers to this through the NMC IELTS process. There is lobbying for the NMC to reduce the requirement for the current level 7 competence to 6.5 which has recently been introduced into the Republic of Ireland with anecdotal positive impact on recruitment.

The UHB does not employ a significant number of EU nurses and has been unsuccessful in recruitment from Europe in the past couple of years, individuals preferring to go to city locations. As such we do not anticipate that this poses any significant risks for us.

Our Medical & Dental workforce shows that we are heavily reliant on overseas recruitment to be able to establish our workforce to a safe level. Therefore, we have a risk if the overseas market were to view the UK as a less attractive location to relocate to in future. This does indicate that increasing investment in the training of the Medical Workforce would be an area that would benefit from Investment, ideally with resident employees who would wish to remain in the locality.

To date, we have not seen any loss of overseas staff which would be above that expected. We have also invested significant effort into staff engagement with positive medical Engagement Index Survey results last year. We consider the key challenges in respect of Brexit to be associated with ongoing positive relationship building and engagement of the workforce and ensuring that the career progression opportunities remain attractive.

	The Welsh NHS Confederation response to the Finance Committee consultation on the Welsh Government Draft Budget Proposals 2018-19.
Contact:	Nesta Lloyd – Jones, Policy and Public Affairs Manager, the Welsh NHS Confederation. [redacted] Tel: [redacted]
Date:	11 September 2017

Introduction

1. The Welsh NHS Confederation, which represents the seven Health Boards and three NHS Trusts in Wales, welcomes the opportunity to respond to the Finance Committee's consultation on the Welsh Government's Draft Budget proposals for 2018-19.

2. The Welsh NHS Confederation supports our members to improve health and well-being by working with them to deliver high standards of care for patients and best value for taxpayers' money. We act as a driving force for positive change through strong representation and our policy, influencing and engagement work.

3. With money extremely tight and demand rising, finance and funding can never be far from NHS leaders' minds. The NHS in Wales, along with other public services, continues to work in an extremely challenging financial climate and it must prioritise and change. Radical transformation of healthcare, and related services, is now the only way in which NHS Wales can hope to be on a sustainable footing for the longer-term. The NHS in Wales is adopting and implementing a 'prudent healthcare' and 'valued based healthcare' approach to support sustainability in the future. This 'transformation' is not only about reshaping healthcare and doing things very differently, it also involves recalibrating our relationship as patients, and the public, with the NHS.

4. If the NHS in Wales is to remain sustainable in the long term the Welsh NHS Confederation believes large scale system change needs to be planned, resourced and supported, rather than allowed to happen on an ad-hoc basis. At the same time, the NHS in Wales has a clear duty to provide high quality and safe healthcare services to the people of Wales within the resources available. In this context, we look forward to seeing the final recommendations put forward by the Parliamentary Review Panel later this year.

Summary

5. The Welsh NHS Confederation has previously welcomed the investment that the Welsh Government has made in the NHS in recent years. NHS Wales faces a significant financial challenge during this period of continuing austerity. We are seeing increasing costs as well as relentless advances in medical technology and increased patient and clinical expectations. Furthermore, an ageing population, combined with more people having increasingly complex needs, means that demand for health and social care services is predicted to grow rapidly.

6. While the fact that more of us are living longer is a success story and should be celebrated, this trend brings about fresh challenges for the NHS. The number of people aged 65 and over is projected to increase by 50% by 2037.[i] While people are living in good health for longer, this health gain is not distributed equally. Wales currently has the highest rates of long-term limiting illness in the UK, which is the most expensive aspect of NHS care. As last year's Health Foundation report[ii] highlighted, the percentage of people in Wales living with at least one chronic condition has increased from 5.1% in 2004/05 to 6.5% in 2014/15, an almost 30% increase. However, the biggest rise is in the percentage of people living with multiple chronic conditions. This percentage has increased by 56% over this 10-year period if you take population growth into account. This is the equivalent of 64% more people living with multiple chronic conditions. The Health Foundation report concludes that without any action to reduce pressures or increase efficiency, NHS spending would need to rise by an average of 3.2% a year in real terms to keep pace with demographic and cost pressures, and rising prevalence of chronic conditions. Maintaining the current range and quality of services would see spending rise from £6.5bn in 2015/16 to £10.4bn in 2030/31.

7. Expenditure on the NHS across the UK as a percentage of Gross Domestic Product (GDP) is lower than other countries and declining in relative terms. This is of real concern and the Welsh NHS Confederation believes that the Welsh Government should commit to provide a settlement for the NHS in Wales that as a minimum keeps pace with GDP growth in the long-term. There is no escaping the fact that the NHS will need more money from the Welsh Government each and every year if it is to keep pace with inflation and cope with these challenges.

8. The Welsh NHS Confederation recognises that the Welsh Government may not be able to fully fund the pressures facing the NHS in Wales and our members are therefore continually seeking to drive out efficiency savings where they can, but successive years of dealing with financial challenges means the traditional methods of finding savings are unlikely to serve us well in the future. We must recognise that, year on year, the NHS in Wales has to develop more sustainable and sophisticated plans that have got to be delivered within its responsibility to provide high quality care to patients. Ensuring that efficient and safe services are provided within the resources allocated by Welsh Government requires each NHS body, and NHS Wales as a whole, to prioritise spending. This will inevitably mean that difficult choices have to be made on what services are provided.

9. The NHS has made a strong and consistent case for investing in the NHS based on sound economic and social policy. The moral case for transforming how care is delivered to better suit the needs of people today is strong. There is however an equally compelling economic case for investing in the NHS now, so it can better support our society to live healthier lives with less need for medical care in the future. Put bluntly, a strong economy needs a strong NHS. It is increasingly apparent that more of the same is unsustainable. In order to address the continued austerity in NHS Wales and the challenges it brings, our overriding approach now must be for the NHS in Wales to adopt and implement

universally a 'prudent healthcare' and 'value based healthcare' approach and to have a long-term vision and strategy for health and social care.

10. 'Prudent healthcare' describes the unique way of modelling the Welsh NHS to ensure it is always adding value, contributes to improved patient outcomes and is sustainable. 'Prudent healthcare' also recognises the need to shift to a stronger primary, community and preventative model of care, with closer integrated working with other public services. In the context of the financial challenges that the NHS faces, the 'value based healthcare' proposition enables increased value for our health and social care system through; improved outcomes for the same costs; improved outcomes for less cost; and maintained outcomes at reduced costs.

11. A strong NHS also needs a strong social care sector. The Welsh NHS Confederation recognises the crucial role of social care as part of a patient's pathway and as a means of helping maintaining people's independence and managing demand on frontline NHS services. Against that background we would support additional investment in social care and other preventative services, such as housing, if the Welsh Government budget allows and we underline our commitment to collaborate with colleagues across sectors; seeking new ways of working to deliver timely services which meet the needs of the people of Wales. The Social Services and Well-being (Wales) Act 2014 and the Well-being of Future Generations (Wales) Act 2015 help support integration and collaboration across the public sector in Wales. As highlighted in our recent joint publication with ADSS Cymru, "*Health and social care: Celebrating Well-being*",[iii] significant change has already happened across Wales to ensure more integrated care, however we need to build on this further with our partners.

12. Finally, to cope with the challenges facing the NHS, the NHS and its partners need to be allowed, enabled and supported to change the healthcare system within the resources available. This will inevitably mean that difficult choices have to be made on what services are provided where and when. Prioritising services and spending means that the people of Wales, NHS staff, partners and politicians must be prepared to accept and support new and different ways of delivering services, while taking more responsibility for how they use those services.

Consultation questions from Finance Committee

1) What, in your opinion, has been the impact of the Welsh Government's 2017-18 budget?

13. The Welsh NHS Confederation recognises that the Welsh Government operates within a fiscally constrained environment, which was emphasised within the budget proposals for 2017/18, with an overall budget which is reducing in real terms. Within this context, Welsh Government face significant challenges in determining budgetary trade-offs.

14. We welcomed the additional £265 million funding for NHS delivery that has been provided and the research based approach which the Welsh Government is increasingly adopting

in financial policy development, such as the Institute of Fiscal Studies report into Welsh budgetary trade-offs;[iv] the Health Foundation's report on the financial sustainability of the NHS in Wales[v] and the Nuffield Trust's 'Decade of austerity in Wales' report.[vi] Such evidence will serve to ensure that Wales is well placed to adopt best practice in resource allocation. The funding allocation to the NHS by the Welsh Government has broadly followed the recommendations in the Nuffield Trust and Health Foundation reports.

15. Within the budget, additional investments were announced for Mental health services; New Treatments; workforce training, development and recruitment; and £1.1bn programme to transform and maintain NHS infrastructure capital funding. The additional £20m investment made in mental health services was particularly timely, given the significant and growing pressures in this area. Mental health is the largest single programme budget category, at 11.2%, and this investment has supported Health Boards to make progress in implementing the requirements of the 'Together for Mental Health' Delivery Plan, 2016-19.

16. Over many years, the NHS has faced a number of longstanding issues which the budget for 2017-18 has supported. The introduction of new treatments, for example, has provided significant financial challenges to the NHS over a number of years. The development of the Treatment Fund has provided certainty over these pressures and ensures that access to new treatments can be provided quicker.

17. The increased demands on the NHS, along with a workforce which itself is ageing, has increased the pressures on our workforce. Over recent years, this has resulted in an increasing and overreliance on temporary staffing through agencies for medical and nursing staff. A co-ordinated and targeted national and international recruitment campaign has offset some of this pressure, and a significant number of new appointments have been made for medical staff, however there is some uncertainty following Brexit and the ongoing Brexit negotiations. Commissioning training places remains a challenge, but it is expected that the new organisation, Health Education and Improvement Wales, will improve the co-ordination of workforce planning and education across the NHS. This will be an area for further development over coming years.

18. Lastly, and recognising the particularly challenged capital allocation to Welsh Government, we welcome the commitment to prioritise the investment in new medical equipment, IM&T and estate infrastructure. The increased certainty provided through a four-year capital budget is welcomed as it allows the NHS to better plan for the future. In addition to this, the development of the Welsh Mutual Investment Model at the Velindre Cancer Centre is being viewed with interest to understand how this model may be used to upgrade and modernise facilities elsewhere in NHS Wales.

19. While welcomed, the additional funding did not cover the funding gap and the health service continues to work hard to meet the ongoing financial challenges through the delivery of Cost Improvement Programmes and efficiency measures.

20. The Welsh NHS Confederation recognises the contribution that other public services, especially local government, make to supporting the health and well-being of their population and to helping manage demand on health services. 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. We are supportive of the funding that was given to preventative and social care services in the 2017 – 18 budget and recognise the need for further investment in this area. In particular, our members are concerned about the frailty of the social care sector, which is already impacting on NHS demand, performance and finance. There is a real concern that the availability of care services in some parts of Wales is likely to contribute to more delayed discharges and a reduction in unscheduled care performance, particularly as we approach winter (but also beyond).

21. Part of the responsibility of the NHS in Wales, especially in these economically straitened times, is to be open about the difficult choices we face. Of course the NHS can make the current model of care more cost-effective through efficiency by 'doing the right thing', reducing the costs of delivering services and workforce redesign. However, there are only so many costs that can be taken out of the existing models. The challenge here is that there is limited flexibility to shift significant investment away from treatment services when the current demands on the health service are so great. Therefore, this is an extremely difficult, yet vital, task and the health service will need support to do this.

22. In parallel, the NHS needs to channel resources into new care pathways, preventative measures and more cost-effective models of care, which can generate efficiency savings from 'doing the right thing' in the first place. Moving resources into new models of care won't be easy and evidence suggests it takes time to see the benefits. That is why the Welsh NHS Confederation is calling for the Welsh Government to develop a long-term vision and ten-year strategy for sustainable health and care services in Wales and we hope that this is introduced following the recommendations from the Parliamentary Review of health and social care.

23. Prioritising services and spending means that the people of Wales, NHS staff, partners and politicians must be prepared to accept and support new and different ways of delivering services, while taking more responsibility for how they use those services.

2) What expectations do you have of the 2018-19 draft budget proposals? How financially prepared is your organisation for the 2017-18 financial year, and how robust is your ability to plan for future years?

24. In common with public services across the UK, the NHS in Wales is challenged by the requirement to provide timely, high quality services within its resource constraints. 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. 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.

25. NHS organisations have faced significant challenges in preparing for the 2017-18 financial year, despite significant additional resource allocations. The planning cycle has seen three organisations being placed in Welsh Government's targeted intervention status at least in part due to their financial positions; and other organisations are also reporting deficits in-year. While the reasons for each organisation will be somewhat different, there are consistent issues across the NHS in Wales, in common with the rest of the United Kingdom.

26. However, the policy framework in Wales does allow an appropriate focus on the issues in planning for future years:
    1. The Well-being of Future Generations (Wales) Act 2015 requires NHS organisations to work in partnership with other public and thirds sector organisations. This will be a key enabler to deliver system wide change;
    2. The Value Framework, alongside the strategic alliance with the International Consortium for Health Outcomes Measurement, advocated by the 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 NHS Trust; and
    3. The Welsh Government 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.

27. We recognise that the 2017-18 health and social care budget within Government represents nearly 50% of the total Resource DEL and that further allocations will result in trade-offs elsewhere in the Welsh Government Budget. In line with the commitments given in the run up to the 2016 Assembly election our expectation is that the Welsh Government will continue to provide more per head funding for health and social care in Wales that the UK Government provides in England. Beyond that our members are hopeful that the settlement for the NHS will at least keep pace with GDP growth and be in line with the funding requirements forecast in the Nuffield Report 2014[vii] and the Health Foundation report.[viii]

28. Alongside the settlement, NHS organisations recognise the need for and are committed to deliver further efficiency savings to balance their budgets. Since 2010-11 the NHS in Wales has delivered more than £1.1 billion in recurrent efficiency savings through service changes including increasing day surgery rates, providing more care closer to people's homes, service reconfiguration, increased productivity, demand management, pay restraint and more effective prescribing. While the efficiency savings made by the NHS are significant, the annual achievement has been gradually diminishing year on year, a reflection that traditional methods of savings are unlikely on their own to deliver what is

needed in the future. There will be a continued focus on driving technical efficiencies from areas such as procurement, estates management and shared services as well as looking at new opportunities for service redesign, regional working and the use of digital technologies.

29. The key financial pressures that will need to be met in 2018-19 include, but are not limited to:
    a. The workforce, in respect of capacity to deal with increased demands and the increased cost of the workforce through increments and pension contributions. Currently, NHS Wales directly employs around 89,000 staff.[ix] This makes the health service Wales' biggest employer, with the NHS pay bill standing at around £3 billion (more than 50% of NHS spend);

    b. Non-pay cost increases, also through increasing demands, price increases and the increasing demands for high cost drugs;

    c. Increased volumes of packages of care for patients in the community meeting the continuing NHS healthcare and funded nursing care criteria as a result of our growing elderly population;

    d. Increased demand for prescribed drugs within the primary care setting; and

    e. The NHS Pension Scheme Administration Charge (anticipated to be around £2.5m across the NHS).

30. Again this year the capital settlement for the NHS will also be critical and it is hoped that there will be additional capital resources made available to enable the service to address the maintenance backlog in the NHS estate as well as providing the much needed capital to invest in new facilities, such as integrated primary care centres and regional diagnostic treatment centres. The NHS needs additional capital for NHS equipment, ICT and infrastructure. The shortage of capital funding is a very particular barrier to service change. In order to consolidate services and make them more efficient to release revenue there will need to be a significant investment now and in the future in buildings, equipment and information and communication technology in the secondary care sector but also in primary and intermediate care.

31. The priority for our members is that the 2018-19 settlement, combined with their efficiency plans, needs to meet their immediate recurrent revenue pressures. But we are also committed to shifting resources to preventative and community services as this is vital for the future health and well-being of the population and therefore we support the continuation of the Intermediate Care Fund and the £60m invested in the Fund in the 2017-18 budget settlement. The Intermediate Care Fund has helped keep older and vulnerable people out of hospital and in their own homes and has provided the resources to encourage innovation and develop new models of delivery to ensure sustainable integrated services.

32. The Welsh NHS Confederation would also like to see the Welsh Government protect, as far as possible, public services that support health and well-being. We are concerned that reductions to local government, housing and voluntary sector budgets will impact on NHS demand and our collective efforts to invest in preventative services.

33. Therefore, we want to underline our commitment to collaboration with our partners and integration with social care services in particular. The Welsh NHS Confederation believes that Wales, given its size, structure and close links, has a golden opportunity to achieve so much when it comes to integration. The Welsh NHS Confederation works with ADSS Cymru, Wales Council for Voluntary Action, Care Forum Wales, the Welsh Local Government Association and Community Housing Cymru to support the continued implementation of the Social Services and Well-being (Wales) Act 2014. However, to provide patient centred care, collaborative working and transformational change is vital across all of the public sector. The 'prudent health' care approach will help us work through this but it will require the commitment of the NHS, all healthcare related partners and the general public, to truly be successful. The NHS will need to be supported to make progress in changing the way care is delivered, with patient outcomes at the heart of the measurement of success.

34. NHS organisations are already planning for the 2018-19 financial year. The NHS works together to understand service pressures, for example by looking at population projections and to model the impact of different financial scenarios and this has helped to develop financial planning and management skills across the sector. Financial resilience varies between organisations depending on a range of factors including population, socio economic factors, levels of deprivation and rurality and the configuration of services.

35. The Integrated Medium Term Planning (IMTP) process requires health organisations to plan three years ahead, but their ability to predict and plan the future has been constrained by the annual nature of the Welsh Government budget planning framework in recent years. While the Welsh NHS Confederation recognises the Welsh Government is itself constrained by the UK Government planning cycles, the absence of three year settlements limits the ability of NHS organisations to plan and their appetite to invest in new models of care that may not provide a return on investment in the short term.

36. Against that background indicative future year settlements aligned to the IMTP timetable would be most welcome. Added to this it would be helpful if Welsh Government could set out in detail any specific funding requirements when the budget is published to give the NHS adequate time to prepare for implementation. Delays in informing health organisations of specific commitments can lead to unforeseen pressures on in year budgets which are difficult to manage.

37. Looking to the future the NHS in Wales remains concerned about the scale of the challenge to manage within their likely resources without a detriment to quality, safety and access. Perhaps the largest financial risk is the unforeseen or unfunded pressure on

the pay bill, which could easily derail NHS performance, finance and improvement. Add to that the pressure on the NHS continually to develop and accelerate technological advancements (which usually increase cost, rather than save money) and the financial outlook for the NHS is clearly precarious. Against that background we would urge the Government to consider the medium to long term risks to the sector in setting the budget for 2018-19 and beyond.

38. The NHS must be supported to prioritise and change over the next period if it is to ensure efficient, safe and sustainable services are provided within the resources allocated by the Welsh Government. This will inevitably mean that difficult choices have to be made on what services are provided where and when. Prioritising services and spending means that the people of Wales, NHS staff, partners and politicians must be prepared to accept and support new and innovative ways of delivering services, while taking more responsibility for how they use those services.

3) The Committee would like to focus on a number of specific areas in the scrutiny of the budget, do you have any specific comments on the areas identified below?

Financing of local health boards and health and social care services

39. Our response to the previous two questions provides a detailed answer to this specific question.

Approach to preventative spending and how is this represented in resource allocation

40. Investment in prevention and early intervention is a priority for our members. However, there is a very real tension between the need to meet the immediate costs of treating those in need of healthcare services and diverting resources into preventative services which may not deliver tangible gains for a number of years. Every NHS organisation is committed to the preventative agenda and is seeking to invest in preventative services, but short-term budget cycles reduce their risk appetite and the need to meet inescapable annual pay and price pressures stops them from investing more at the current time. We believe the Welsh Government should support public bodies in Wales to invest where there is firm evidence that investment in preventative services will improve population outcomes and reduce demand on more expensive treatment services in the future. If the Welsh Government was able/prepared to share the financial and performance risk with public sector organisations more could be invested now for the benefit of future generations.

41. Unless we get serious about prevention, health needs will continue to grow, placing more pressure on our universal healthcare system. Services provided by the NHS in Wales cover both prevention and treatment-based services. Evidence has long been put forward that the amount that the NHS spends on preventative services is too little and that there are significant health and care benefits for investing in preventative services. The NHS in Wales is very supportive of the Public Health Wales report "*Making A Difference: Investing*

in Sustainable Health and Well-being for the People of Wales"[x] published last year which set out research evidence and measures that could be taken to build resilience; address harmful behaviours and protect health; and address wider economic, social and environmental determinants of health.

42. In terms of funding distribution across NHS organisations, relative need in relation to changes in the makeup of the population (for example demonstrated by the Welsh Health Survey) is not used as a driver in determining allocation changes overall or how resources are distributed. The Townsend formula attempted to do this some years ago but it was discontinued. The challenge remains to develop a distribution mechanism which transparently and fairly links need, especially poverty and ageing, to resource.

Sustainability of public services, innovation and service transformation

43. The Welsh NHS Confederation is calling for transformation and transition funding (revenue and capital) to be given to NHS organisations to enable them to invest in new models of healthcare and digital technologies that will help the NHS transform to a system that focuses on prevention and the provision of health and care services as close to home as possible. Upfront investment will be crucial and is needed to get new models up and running and transition funding is needed to meet the double running costs associated with moving from one way of working to another.

44. Sustainability of public services is dependent upon innovation and transformation as explained above. To ensure a safe, high quality and efficient healthcare system in Wales it is necessary to move to new innovative models of care supported by adequate financial, physical resources, a well-trained, multi-disciplinary workforce, supported by technology.

45. Radical change is needed if the NHS is to meet the level of demand being placed upon it while living within its means. Sustainable plans will have to be developed to enable the NHS to deliver financially as well as provide high quality care to patients. This is a significant and complex challenge which will require the support of the political community and the public.

46. For these strategies to be successful requires a collective ambition and an acceptance that change in the way we deliver services will be inevitable. For any change to be successful the Welsh Government, the National Assembly and the public must acknowledge that the priorities for health services in Wales will need to be re-assessed and delivery targets set accordingly. The current financial position of the NHS means it is very difficult to transform services at the same time as handling ongoing enormous pressures on existing services, finances and resources.

Welsh Government policies to reduce poverty and mitigate welfare reform

47. The Welsh NHS Confederation supports the Welsh Government's efforts to reduce poverty, mitigate welfare reform and prepare for an ageing population and believes that

these challenges need to be tackled holistically through the public service as a whole. The Joseph Rowntree Foundation[xi] estimates that poverty costs the UK health care about £29 billion per year and accounts for the largest portion of additional spending associated with poverty. A crude Wales proportion would be about £1.5 billion per year and the report discusses that there is growing weight of evidence that health care utilisation and costs are strongly related to poverty, both as presently experienced and as a legacy from past experiences of poverty. They compute the cost to all public services in the UK as £78 billion per year.

48. As highlighted in our briefing, "*From Rhetoric to Reality – NHS Wales in 10 years' time: Socio-economic Deprivation and Health*",[xii] the socio-economic inequalities in life prospects and health are stark. Socio-economic deprivation has a significant impact on child development, on people's lifestyle choices, on healthy life expectancy, including living with an illness or chronic condition, and life expectancy.

The Welsh Government's planning and preparedness for Brexit

49. The financial impact for the NHS in Wales will depend on the terms of the agreement and the broader impact on the UK economy, tax revenues and public finances.

50. The influence and impact of EU affairs on the NHS has significantly increased over time, with various aspects of domestic health policy now being intrinsically linked with EU policy. As our briefing, "*The path to Brexit: Key priorities for the NHS*",[xiii] highlights it is still unclear what the implications of Brexit will be but it is likely that the impact could span over a broad range of areas of NHS activity. Brexit could have implications for the commissioning, provision and development of healthcare interventions given the extent to which the EU policy and legislation impact on the NHS. There are possible implications for the NHS workforce, with over 1,350 EU Nationals directly employed by the NHS in Wales in April this year, research and innovation could be impacted and public health and health technology regulation are priority issues to be looked at during the withdrawal negotiations.

51. The Welsh NHS Confederation has been highlighting the possible implications for the Welsh NHS of Britain exiting the EU with the Welsh Government but also to the UK Government through being a proactive member of the Cavendish Coalition and the Brexit Health Alliance.

52. The Cavendish Coalition is a group of health and social care organisations united in their commitment to provide the best care to their communities, patients and residents. We are committed to working together to ensure a continued domestic and international pipeline of high caliber professionals and trainees in health and social care. The Brexit Health Alliance brings together the NHS, medical research, industry, patients and public health organisations. The Alliance seeks to make sure that issues such as healthcare research, access to technologies and treatment of patients are given the prominence and attention they deserve during the Brexit negotiations.

53. It is imperative that health and social care is not forgotten when negotiating Britain's exit from the EU and if an economic shock materialises the UK and Welsh Government need to be honest about the implications for patients and service users.

How evidence is driving Welsh Government priority setting and budget allocations

54. We welcomed the additional £265 million funding for NHS delivery that has been provided and the research based approach which the Welsh Government is increasingly adopting in financial policy development, such as the Institute of Fiscal Studies report into "*Welsh budgetary trade-offs*";[xiv] the Health Foundation's report on the financial sustainability of the NHS in Wales[xv] and the Nuffield Trust's "*Decade of austerity in Wales*" report.[xvi] Such evidence will serve to ensure that Wales is well placed to adopt best practice in resource allocation. The funding allocation to the NHS has broadly followed the recommendations in the Nuffield Trust and Health Foundation reports.

How the Future Generations Act is influencing policy making.

55. All public bodies have a duty when it comes to building a healthier Wales and we should not underestimate the significant opportunities presented to us through the Well-being of Future Generations Act 2015 and the Social Services and Well-being Act 2014.

56. The Public Service Boards, introduced as part of the Well-being of Future Generations Act 2015, enable public services to commission and plan collaboratively, ensuring that services are integrated and that care and support provided improves health and well-being outcomes for the local population now and in the future. Both Acts should help drive collective decision-making models within national and regional priorities, especially around service reconfiguration. It is vital for the long-term health and well-being of the population that a 'health in all policies' approach is implemented, with all public bodies being required to conduct health impact assessments on future policies. We need to work collaboratively across sectors to help people make healthier choices in life and reduce their risk of developing chronic diseases, many of which are linked to lifestyle.

Other relevant areas

Mental health spending

57. Mental health is the largest of all programme budgets in NHS Wales, accounting for just over 11% of the budget. However, while significant investment is made to mental health services, mental health conditions account for 23% of ill health in Wales.

Expenditure on mental health services by category in £ over recent years (Last update 24th April 2017; Next update expected: April 2018).

Year		2009/10	2010/11	2011/12	2012/13	2014/15	2015/16	2016/17
Mental health problems		607, 446	636, 711	641, 841	617, 500	634, 474	663, 251	683, 030
Mental health problems	**General mental illness**	306, 627	327, 713	316, 356	254, 376	271, 146	305, 874	310, 624
	Elderly mental illness	167, 445	176, 320	186, 407	178, 856	181, 934	201, 672	212, 800
	Child & adolescent mental health services	43, 814	41, 928	42, 819	42, 846	40, 248	41, 320	45, 817
	Other mental health problems	89, 559	90, 749	96, 257	141, 420	141, 144	114, 384	113, 787

NHS workforce pressures

58. As highlighted previously, currently NHS Wales directly employs around 89,000 staff,[xvii] with the NHS pay bill standing at around £3 billion. However, there are recruitment and retention issues within the NHS which the NHS leaders are addressing.

59. Workforce gaps are challenging across all professional groups resulting in high usage of agency and locum costs to cover vacancies. 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 an increased emphasis on staffing levels following the enquiry into Mid-Staffordshire Hospitals and the Nurse Staffing Levels (Wales) Act 2016. The introduction of the Nurse Staffing Levels (Wales) Act, will also have an impact on the skill mix within acute medical and surgical wards. However, NHS Wales does have a significant opportunity to re-design its workforce. This will be a major development challenge that will require local management time and support to critically review the skill mix of multidisciplinary teams, using workforce evidence and tools to support. Essential to success will be the support and agreement by professional leaders on the scope and boundaries of staff working in multidisciplinary teams and in particular amongst those in non-regulated roles. While systems and services provide a focus for change it is the

workforce that represents the largest asset in delivering care and making the changes needed.

60. The Nuffield Trust has identified that support staff provide good quality patient focussed care. Short training times mean that numbers can be expanded relatively rapidly. The changing needs of the health service and the productivity challenges facing all NHS organisations, presents a compelling argument therefore, for improving the focus on this element of the workforce and ensuring that the most appropriate and effective use of their skills is made.

61. Healthcare support workers (HCSW) provide care under the direction of registered professionals with clinical support staff, constituting 31% of the total workforce. The Welsh Government has introduced levels of governance (Codes, Career Framework, delegation Guidelines) to ensure HCSW are supported to practice safely in Wales. However, there are challenges to be worked through to ensure registrants are confident and comfortable in delegating to HCSW roles and this will need to be addressed.

62. As healthcare moves away from a focus on episodic acute care towards more holistic, continuous care, opportunities will and are emerging to explore ways of using the clinical team/workforce in a different and more integrated multidisciplinary way. Health Boards and Trusts in Wales could exploit the opportunities available by using the available governance frameworks and the national job evaluation role profiles, supported by education and training to enable HCSW to develop and expand their roles which would support the graduate/registered workforce to 'do only what they can do'. Changes to roles inevitably challenges established interests and attitudes and this will need to be managed if NHS Wales is to develop a sustainable workforce model and deliver the efficiencies that are necessary.

63. The establishment of Health Education and Improvement Wales (HEIW) provides an opportunity to consider potential economies of scale in the purchasing and delivery of education for CPD of the NHS Wales workforce. Initiatives could include:
    - Working with education providers provide a co-ordinated approach to support the widening access agenda coupled with clarity around the possibilities for career development for staff through a skills escalator approach which helps to support the development of sustainable and skilled workforces across our communities;
    - Centrally commissioning the certificate of higher education which would allow the Health Boards/Trusts to talent manage their current HCSW staff and provide early identification of those who could progress to registered nurse training either via the traditional route or the part-time route;
    - Health Boards/Trusts could identify the graduates among the current HCSW workforce and support them onto the 2-year graduate entry programme;
    - Exploring the possibility of distance learning via the Open University who may be able to provide adult or mental health training, however this would need to be done via a procurement process;

- Higher level apprenticeships that are constructed in a way that staff can step on and off at agreed points with a qualification. Some elements of these pathways have been developed by individual universities and are already in place but not as apprenticeships. Any gaps would need to be addressed and each qualification put into an apprenticeship framework, this would require the support of other department in Welsh Government; and
- Currently there are no degree level apprenticeships in Wales due to the funding model. Welsh Government is currently looking at priority areas and such a course could not start until 2020 which would allow time for proper development. This would necessitate influencing regional skills partnership.

64. There are a significant number of vacancies within the acute medical workforce at a number of different grades. This has led to a significant agency and locum deployment and expenditure. NHS organisations have been working on improving their systems for reporting on areas of high expenditure and have been using this data to determine the appropriate approaches to reduce expenditure.

65. A task and finish group has been set up to address the situation and support all NHS Wales organisations working together to drive down agency and locum cost with a view to achieving significant benefits including: -
    - The return of people to the NHS labour market so improving regular workforce supply and improving quality and consistency of care to patients;
    - Increasing the equity and transparency of reward systems and the reduction of internal wage completion; and
    - A clear national framework of limits and targets for agency and locum deployment and expenditure underpinned by some standard operating procedures.

66. The task and finish group has now made a series of recommendations to address and alleviate the high levels of locum and agency expenditure which are to be implemented during the autumn of 2017.

67. There are continuing and increasing difficulties in recruiting GPs which is being driven by falling incomes, reduced investment, increased workload and other external changes, for example changes to taxation and NHS Pension scheme; removal of Minimum Practice Income Guarantee (MPIG); increases in medical indemnity fees. Sessional work is becoming increasingly more attractive than partnership or salaried positions. An escalating reliance on the locum market, as practices become unstable and workloads become difficult to manage, is a driving force, with remuneration of locum work increasing but with less responsibility being taken e.g. locums will only agree to cover a selected workload. This situation applies to both in-hours Primary care and out of hours.

68. There are a number of potential solutions to address these difficulties, including:
    - Improved primary care workforce planning intelligence to better understand demand and planning needs;

- Evaluating primary care workforce needs and identifying “who can do what” to enable greater flexibility in approach to service delivery. This will support transformational change that will underpin the appropriate skill mix of staff. Staff currently deployed to primary care includes;
    - Pharmacists – either practice/cluster based or community pharmacy;
    - Nurses – particularly advanced practice;
    - Health Care Support Workers
    - Paramedics – from community paramedics to advanced level practitioners;
    - Therapists – both physiotherapy and occupational therapy staff are being deployed in Primary Care;
    - Social prescribers/care co-ordinators – usually 3rd sector staff, but a mix of roles being used.

69. It will take time to deploy the correct mix of these staff and some, for example nurses, are difficult to recruit. As the staffing model changes there is likely to be increased costs but these should eventually tail-off.

70. In relation to recruitment, the Train, Work, Live initiative has shown dividends in its approach which saw GP recruitment rates significantly increase and the programme is being rolled out to attract nurses and Allied Health Professionals to work in NHS Wales.

71. There is also an emerging primary care model which is being used across Wales which is steering workforce development. As a result, innovative ways of working to drive up quality and effectiveness in service delivery are being developed.

72. Resources to support sharing of good practice, tools and resources to aid service delivery improvement (e.g. PC One website; Compendium of emerging roles and models) continue to be developed. The future shape of practices and cluster working will result in estates reconfiguration and the development of health and well-being hubs. This will impact capital costs.

73. To support this workforce plans must fully incorporate the skills and experience of all health and social care professionals, providing a comprehensive multidisciplinary care team in people’s own localities. Healthy Prestatyn is a model designed on this basis, where service users can be seen directly by the person most appropriate for their care needs, ensuring that GPs can devote their time to those patients who need to see a doctor.

74. The cluster models and social prescribing will also see an increasing need for integrated working and roles across health, social care and the 3rd sector. A particular workforce pressure is in domiciliary care where there are severe shortages impacting across the system. Effective integration of health and social care workers would go towards easing this pressure.

Conclusion

75. The Welsh NHS Confederation does not underestimate the massive challenge of public service budget setting in a time of austerity. The Welsh NHS Confederation, and our members, remain committed to doing the very best we can to continue to provide an NHS, in partnership with other public services, which supports the people who need it most, and helps the population generally live healthier lives. But we can only do what we can afford to do.

76. All parts of the NHS in Wales have been making changes to the way services are organised. The fact is that, with funding very tight, the NHS will have to continue to make difficult decisions about the future shape of healthcare services and about priorities. We will also have to strengthen our relationships with others in order to rise to the many shared challenges that public services face. To achieve all of this, the input and support of the public, politicians and staff is vital.

---

[i] Welsh Government, StatsWales, July 2013. Population projections by local authority and year.
[ii] The Health Foundation, October 2016. The path to sustainability: Funding projections for the NHS in Wales to 2019/20 and 2030/31
[iii] Welsh NHS Confederation and ADSS Cymru, July 2017. Health and Social Care: Celebrating Well-being. A selection of case study example.
[iv] Institute for Fiscal Studies, October 2016. Welsh budgetary trade–offs to 2019–20
[v] The Health Foundation, October 2016. The path to sustainability: Funding projections for the NHS in Wales to 2019/20 and 2030/31
[vi] Nuffield Trust, June 2014. A Decade of Austerity in Wales?
[vii] Nuffield Trust, June 2014. A Decade of Austerity in Wales?
[viii] The Health Foundation, October 2016. The path to sustainability: Funding projections for the NHS in Wales to 2019/20 and 2030/31
[ix] Welsh Government, StatsWales, March 2017. Health and Social Care, NHS staff by staff group and year.
[x] Public Health Wales, July 2016. Making A Difference: Investing in Sustainable Health and Well-being for the People of Wales.
[xi] Joseph Rowntree Foundation, August 2016. Counting the cost of UK poverty.
[xii] Welsh NHS Confederation, June 2015. From Rhetoric to Reality – NHS Wales in 10 years' time: Socio-economic Deprivation and Health.
[xiii] Welsh NHS Confederation, July 2017. The path to Brexit – Key priorities for the NHS
[xiv] Institute for Fiscal Studies, October 2016. Welsh budgetary trade–offs to 2019–20
[xv] The Health Foundation, October 2016. The path to sustainability: Funding projections for the NHS in Wales to 2019/20 and 2030/31
[xvi] Nuffield Trust, June 2014. A Decade of Austerity in Wales?
[xvii] Welsh Government, StatsWales, March 2017. Health and Social Care, NHS staff by staff group and year.

Bwrdd Iechyd Prifysgol Hywel Dda
University Health Board

Eich cyf / Your ref:
Ein cyf/Our ref: CEO.0917
Gofynnwch am/Please ask for: Sian-Marie James
Rhif Ffôn /Telephone: [redacted]
Ffacs/Facsimile: [redacted]
Dyddiad/Date: 14 September 2017

Swyddfeydd Corfforaethol, Adeilad Ystwyth
Hafan Derwen, Parc Dewi Sant, Heol Ffynnon Job
Caerfyrddin, Sir Gaerfyrddin, SA31 3BB

Corporate Offices, Ystwyth Building
Hafan Derwen, St Davids Park, Job's Well Road,
Carmarthen, Carmarthenshire, SA31 3BB

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
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

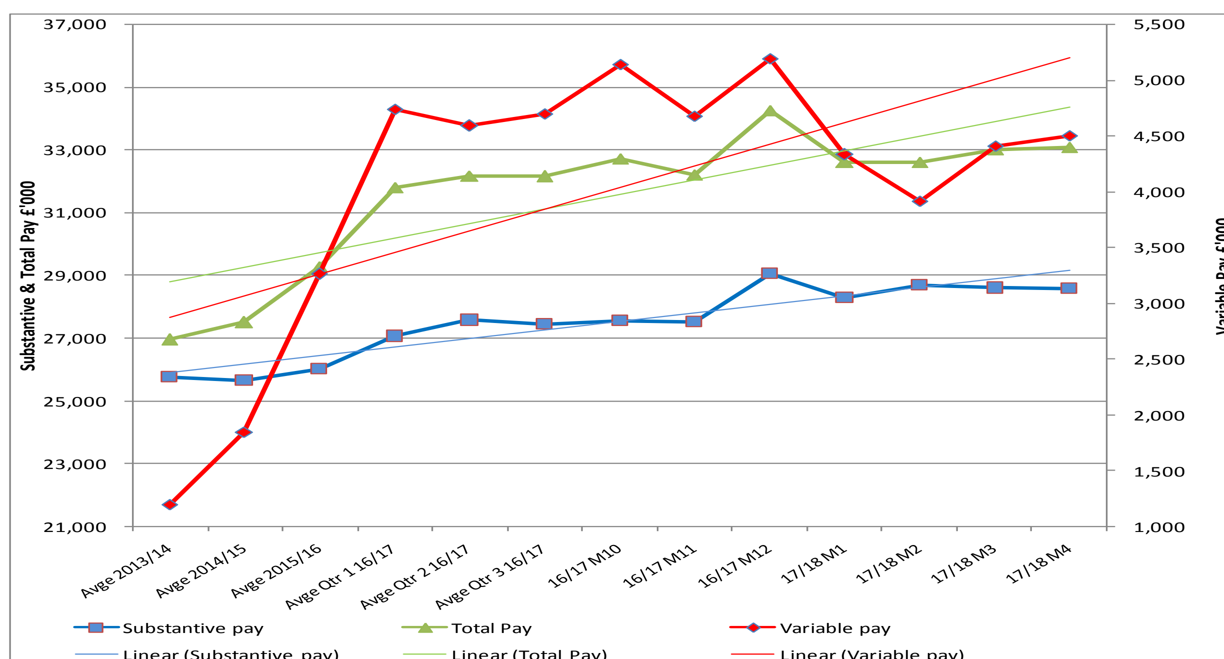
- The key pressure area has been the need to stabilise the workforce and reduce premium rate variable pay (one of our key priorities and forms a central element within our savings plans and turnaround process).
- Other pressure areas include: Medicines (including NICE and high costs drugs); CHC growth; 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.

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;

CARING FOR PEOPLE
KEEPING PEOPLE WELL

GIG CYMRU NHS WALES
Bwrdd Iechyd Prifysgol Caerdydd a'r Fro
Cardiff and Vale University Health Board

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.

Eitem 7

Mae cyfyngiadau ar y ddogfen hon