

Health and Social Services Committee

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Date: Thursday 3 November 2005

Venue: Committee Rooms 3&4, National Assembly for Wales

Title: Budget Proposals 2006-07

Purpose

1. To present the Health and Social Services Draft Budget for 2006-07 as tabled by the Minister for Finance, Local Government and Public Services and presented to Plenary on 4 October 2005.
2. Standing Order 19 provides that each Assembly Minister who is a member of a subject committee shall seek its views on the Draft Budget and convey them to the Minister for Finance, Local Government and Public Services.

Recommendations

3. That the Committee gives me its comments on the Draft Budget.

Background

4. The budget round was launched in April with a letter from the Minister for Finance, Local Government and Public Services. The Committee set out its priorities for the Budget Planning Round in a letter from David Melding to me on 3 June 2005 (Annex1). It is important to bear in mind that spending in future years is always affected by what we are able to achieve in the current year. During 2005-06 we will have:

- continued to progress pay modernisation in Wales. The Consultant's Contract will be finalised and the second round of the Job Planning Cycle is taking place. The new consultants' contract in Wales is designed, through its rigorous job planning process, to ensure that benefits for the service are realised. The Agenda for Change roll out is continuing and it is anticipated that assimilation will be complete by the end of 2005/06
- delivered on our agenda for Informing Healthcare. Specifically the National Case for Informing Healthcare has been delivered and the infrastructure projects that are a necessary pre requisite for

the delivery of patient benefit through service improvement projects have been identified.

- implemented a new pharmacy contract.

5. The Finance Minister announced the draft Budget, which represents the Assembly Government's best assessment of the distribution of funding, to Plenary on 4 October. Any change to reflect opposition amendments can only be actioned by balancing any increases in one portfolio by offsetting reductions elsewhere in the budget.

6. In 2004, as a component of the annual budget planning round, the Finance Minister initiated a review of Assembly spending in line with Welsh Assembly Government priorities as set out in "Wales: A Better Country" and other policy statements. The review process required all groups to define their expenditure into programme areas. Building on last year's Spending Review, the presentation of the budget has been developed to enable the reader to relate expenditure plans to Spending Review Programme Areas (SPAs) of which there are around sixty (15 for Health and Social Services). This involved replacing Sub-Expenditure Groups with SPAs. My officials gave a presentation to Committee members on the 22 September explaining the change in the presentation of the budget. This Committee Paper therefore discusses the Government's Draft Budget under the new SPA headings.

Committee Priorities

7. Working within the financial constraints of this draft budget it has not been possible to give additional funding to all the Committee priorities as set out in David Melding's letter to me of 3 June. I am however pleased to report the following progress. Specifically:

Children's Hospital

- Following last year's draft budget, which substantially increased the capital funding available within our capital programme, the funding of the capital cost of Phase 2 of the Children's Hospital for Wales has been considered. As a consequence, the business case process for the final phase of the Children's Hospital for Wales has recently started. This second phase has yet to gain full commissioner support for the revenue consequences and so discussions are ongoing. Once the Strategic Outline Case for the development has been approved, formal consultation may be required before the Outline Business Case can be submitted to the Assembly.

Townsend Implementation

- On 11 October I agreed to the establishment of an Expert Group to advise the Health and Social Care Department on the on-going development of the (Townsend) direct needs allocation model, in line with the emerging recommendations in Professor Townsend's final report - "Inequalities in Health: The Welsh Dimension 2002-2005", which is due to be published in early December. One of the first issues the group will consider will be the extension of the direct needs approach

to the primary care prescribing budget.

Ambulance Service

- The Welsh Assembly Government, through the Developing Emergency Care Services (DECS) project, is currently developing a policy for all emergency and unscheduled care services in Wales. This will include the future role of the ambulance service. At the same time the Welsh Assembly Government is working with the Welsh Ambulance Trust and its commissioners to secure improvements in the current performance and efficiency of the service.
- Future funding requirements for ambulance services, including air ambulance services, will be dependent on the models for the delivery of emergency care being developed as part of the DECS project. It should be recognised that any potential benefits that could be realised from centrally funding air ambulance services in Wales would need to be considered against the funding needs of the ambulance service.
- Revenue funding of £3 million per year has been set aside for the replacement of Ambulance Radio equipment. We are awaiting the full business case from the Ambulance Trust with the detailed revenue and capital consequences.

Cancer Services

- The National Cancer Standards were published in June 2005. As a first big step to achieving these Standards by March 2009, as stated in *Designed for Life*, Networks have been asked to undertake a process of mapping and assessing current services against the Standards. They will then prepare action plans by the end of February 2006 that will identify current and proposed future service configuration and will set annual milestones up to the March 2009 deadline.

Diabetes Services

- With funding of £3.0 million over a 3 year period to support the implementation of the Diabetes NSF I am pleased to say that we are making good progress in partnership with key stakeholders and will continue to work on many All Wales projects to support the implementation of the Diabetes NSF 2006/7.

Epilepsy Services

- We are looking at developing the service development guidance but are waiting for the publication of the neuro science review undertaken by Health Commission Wales to feed into this process.

Mental Health National Service Frameworks

- On October 10th, World Mental Health Day, I launched a revised adult mental health NSF and an Action Plan for taking this forward. This strengthens and updates the original NSF published in 2002. I was also pleased to announce additional recurrent funding of £5 million to help implement the NSF. Much has been achieved in the first 3 years since the original NSF was published, but we accept that progress has been slower than we would like. We have also begun to develop an action plan to promote better mental health and well being for the people of Wales, and tackle stigma and discrimination and promote social inclusion for people who have mental health problems.

Consideration

8. The Draft Budget Tables include funding increases as set out below:

Funding for Health and Social Services - £5,217.6 million in 2006-07; an increase of £394.1 million over 2005-06.

9. This is a total increase in 2006-07 of 8.2 per cent over 2005-06.

Funding for Health - £4,987.8 million in 2006-07; an increase of £343.9 million over 2005-06.

10. The increase for Health in 2006-07 is 7.4 per cent over 2005-06. This budget allows us to continue to take forward pay modernisation with the Agenda for Change and Consultant's Contracts as well as introducing the new Dental Contract.

Funding for Social Services - £229.7 million in 2006-07; an increase of £50.1 million over 2005-06.

11. The increase for Social Services, contained within the MEG, is 27.9 per cent over 2005-06. This budget will allow more people, particularly the elderly, to be supported in the community, the completion of the learning disabilities resettlement programme as well as the establishment of an Older People's Commissioner.

NHS Allocations SPA (Revenue)

Funding - £4224.4 million in 2006-07; an increase of £180.5 million over 2005-06

12. The increase in this SPA in 2006-07 is £180.5 million, or 4.5 per cent, over 2005-06. Within this we are funding;

- NHS pay and price increases

- Drugs Prescribing costs increases
- GMS Contract increases
- Further reduction in prescription charges to £3 from April 2006

NHS Allocations SPA (Capital)

Funding - £219.8 million in 2006-07; an increase of £73.7 million over 2005-06

13. The increase in funding for 2006/07 is second part of the Welsh Assembly's commitment to increase capital spending in the Welsh NHS from £120m in 2005/06 to £309m in 2007/08. This additional funding was announced in the Cabinet Written statement dated 16th March 2005 and the significant investment will enable the first elements of a much longer programme of modernisation to take place over the next 10 years as part of the "Designed for Life strategy". The key elements of the capital programme for the next few years will include investment in the reconfiguration of hospital sites, the diagnostic strategy underpinning these services, the reprovision of mental health services, the improvement of access times and reducing major estate risks.

Workforce Development SPA

Funding - £290.3 million in 2006-07; an increase of £35.9 million over 2005-06

14. There is an increase in 2006-07 of £35.9 million or 14.1 per cent.

- Included in this SPA is funding for a combination of elements that will support the expanded intake of medical students in Wales. This includes the numbers on the Swansea Graduate Entry scheme expanding from 35 in training in 04-05 to 175 in 06-07
- Funding for the continuation of Agenda for Change. October 2006/07 will see the introduction of a new unsocial hours system in the NHS which will enhance and complete the current arrangements set out in Agenda for Change. Agenda for Change will enable the Service to modernise and develop new roles and new ways of delivering care.
- Funding to implement the new terms and conditions for the non-consultant career grade doctors and which covers all non-GP qualified doctors and dentists outside the Consultant and training grades employed under NHS terms and conditions.

Information SPA

Funding - £29.3 million in 2006-07; decrease over 2005-06 – (£10.5) million

15. This decrease is as a result of funding being transferred within the Health and Social Services MEG to cover identified cost pressures and because Informing Healthcare will be funded from capital instead

of revenue as originally envisaged.

Quality and Patient Safety SPA

Funding - £30.2 million in 2006-07; an increase of £2.1 million over 2005-06

16. Increase in funding for a research project into patient benefits. The main focus of the research will be in cancer, strokes, diabetes and Alzheimer's. Also increases in baseline costs.

Primary Care SPA

Funding - £66.7 in 2006-07 an increase of £46.2 million over 2005-06

17. Within this SPA we are funding a new contract to modernise NHS Dentistry, which will be implemented from 1 April 2006. This contract will introduce local commissioning and allow dentists to provide more appropriate clinical care, spend more time with each patient and the opportunity to expand overall capacity. Also included are transfers from other SPAs.

Mental Health SPA

Funding - £13.6 in 2006-07 an increase of £4.8 million over 2005-06

18. Within this SPA there is provision of £3.9 million for the Mental Health Bill which was included in the Queen's Speech earlier this year and is scheduled to be introduced in this session of Parliament. The Bill will require the establishment of a new Mental Health Tribunal for Wales and the recruitment of members to sit as members of the Tribunal, the provision of advocacy to detained patients, large psychiatry and other workforce implications of mandatory Tribunals.

19. Also included is funding for The Mental Capacity Act 2005 which received Royal Assent earlier this year. It provides a new statutory framework for people who lack capacity (e.g. people with learning disability, dementia etc). Many of the provisions of the Act are non-devolved but as a devolved function it introduces Independent Mental Capacity Act Advocacy (IMCAA) as a new statutory function. There is also a large training implication of the new Act.

Chronic Diseases SPA

Funding - £1.0 in 2006-07 an increase of £0.2 million over 2005-06

20. Increase in baseline costs.

Cancer SPA

Funding - £3.4 million in 2006-07; decrease over 2005-06 - (£1.3) million

21. Support for cancer research has transferred into the research BEL within the Quality and Patient Safety SPA. The reduction also reflects the ending of the three year project for palliative care.

Other Healthcare SPA

Funding - £3.8 million in 2006-07; decrease over 2005-06 - (£1.3) million

22. Transfer of funding for the Wales Gene Park into the research BEL within the Quality and Patient Safety SPA. Decreases in baseline costs.

Better Access SPA

Funding - £16.0 million in 2006-07; decrease over 2005-06 - (£0.6) million

23. Resources have been transferred within the Health and Social Service MEG. This SPA is used to pump prime action to reduce waiting lists.

Prevention SPA

Funding - £40.0 million in 2006-07; an increase of £10.4 million over 2005-06

24. Within this SPA is funding for Health Challenge Wales. The funding will be used to extend the reach of existing health promotion programmes to help people to do more to look after their health and their children's health (with careful targeting to reflect the health inequalities dimension) and to pilot new approaches to generate evidence of effectiveness (which is in line with, and a direct response to, the Wanless report).

Children's Services SPA

Funding - £30.1 million in 2006-07; decrease over 2005-06 - (£10.2) million

25. This decrease takes account of the second phase of transfer of £15.2 million of Children First grant to the local government revenue settlement. In real terms this year's budget represents an increase of £4.7 million over 2005-06.

Older People's Services SPA

Funding - £50.0 million in 2006-07; an increase of £4.1 million over 2005-06

26. Included in this SPA is funding for NHS funded Nursing Home Care and for start up costs for establishing the post and offices of the Commissioner for Older People in Wales.

Other Adult Social Care SPA (Revenue)

Funding - £167.4 million in 2006-07; an increase of £56.0 million over 2005-06

27. Within this SPA there is an additional £44.9 million in 2006-07, compared to 2005-06 provision, to support adult social services in general. This rises to an additional £57.6 million over 2005-06 provision in 2007-08 and 2008-09. This additional funding is in recognition of a range of pressures affecting adult social care identified by the Welsh Local Government Expenditure Sub-Group. Such pressures, for example, include changes in the demographic profile of adult social care, the need to improve care home fee levels throughout Wales and the costs associated with the introduction of regulation for adult social care services. £0.1m of the extra funding per annum will also be used to establish an independent review panel for complaints.

28. An additional £2.8 million is provided to complete the programme of social care resettlement for people with learning disabilities in long stay hospitals.

29. Provision for our free home care services policy for disabled people is £15 million in 2006-07 and £20 million in 2007-08.

Other Adult Social Care SPA (Capital)

Funding £6.5 million in 2006-07; increase over 2005-06 - zero

30. There is no change to baseline over 2005-06.

SSIW SPA

Funding - £25.2 million in 2006-07; an increase of £3.9 million over 2005-06

31. Funding of £950k has been provided to allow for the establishment of an improvement capacity for local authorities to assist them to make lasting improvements in the performance of their social services functions. Also included is an additional £1.2 million which will enable continuing improvement of performance management systems in local authority social services as well as an additional £1.8 million for training support for the social services sector.

Compliance

32. This paper relates to the Budgets in the Health and Social Services Main Expenditure Group of the

Assembly's Budget. The Assembly's procedures in relation to allocation of Programme Budgets are covered under Standing Order 19. The Assembly Compliance Office has seen this and is content.

Financial Implications

33. The financial implications are as set out in the draft Budget tables. `

Action for Subject Committee

34. The Committee is asked to give me its views on the Draft Budget.

Brian Gibbons

Minister for Health and Social Services

Contact point –

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