PWYLLGOR ARCHWILIO AC-07-00 (p.5)

Dyddiad:	19 Hydref 2000
Amser:	2.00pm
Lleoliad:	Ystafell Bwyllgora 1, Adeilad y Cynylliad Cenedlaethol

Teitl: CABINET RESPONSE TO AUDIT COMMITTEE REPORT 00-04 - *THE NHS (WALES) SUMMARISED ACCOUNTS 1998-99*

Dim copiau Cymraeg ar gael

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NHS Summarised Accounts 1998-99

The Cabinet of the National Assembly's response to the recommendations of the Audit Committee, following the presentation of their report on 13 July 2000.

The Cabinet of the National Assembly is grateful for the report. We welcome the findings and offer the following response to the twelve recommendations in the Report.

Recommendation (i)

We encourage the NHS Directorate to work more closely with health bodies across Wales, providing genuine strategic management and leadership for the service.

The NHS Directorate has been re-organised and strengthened over the last year to respond to issues arising from the NHS stocktake. This has included the adoption of performance monitoring and the creation of a performance improvement branch. The Innovations in Care programme has been established which will be working alongside the NHS to improve performance and quality standards. A series of regular meetings has been set up for NHS chief executives and Assembly officials, both collectively and for specific trust areas.

Recommendation (ii)

We look to the NHS Directorate to take action to ensure that NHS trusts are able to achieve the forecast savings available from the reconfiguration of NHS trusts in Wales, and note our intention to review closely the success of this programme in due course.

The NHS Directorate will carry out a review of the actual savings compared to planned savings as part of this year's financial monitoring process.

Recommendation (iii)

We urge the NHS Directorate to take appropriate action to ensure that all NHS bodies comply with the CBI Supplier Payment Code of Practice, acting in accordance with Government policy in this regard.

In writing out to health authorities and NHS trusts in April with details of their 2000-01 allocations, health bodies were reminded of their responsibilities to suppliers under the CBI Supplier Code of Practice, and were required to ensure that all bills are paid within 30 days of receipt of a valid invoice. In addition, performance of NHS bodies in prompt payment of creditors has since April 2000 been included as part of the monthly monitoring returns submitted to the NHS Directorate.

In the year 1999-2000, 77% of invoices were paid within 30 days, as against 75% in 1998-99, and there has been a further slight improvement to 82% in the first quarter of 2000-01. We recognise that this level of performance is not satisfactory, and are considering what other sanctions, including financial sanctions, should be applied to those NHS bodies which fail to meet the prompt payment target. The Assembly is also able to provide short-term loans and assistance where cash flow problems are affecting ability to comply with the code.

Recommendation (iv)

In the event of NHS trusts requiring additional financial assistance from the Assembly in the future, we recommend that the NHS Directorate channel that support directly to the trusts concerned.

We accept that the direct provision of financial assistance results in a more transparent relationship of each organisation's debt and we are seeking to ensure that this is achieved.

However, there are cases where the health authority may be in a more appropriate position to drive forward the change agenda and can use financial assistance as a driver for that change. For example, a consideration would be the optimum use of cash in the NHS; if a health authority has cash surpluses, the further provision of cash assistance for a trust in the same area would reduce the resource available for the rest of the NHS in Wales.

Recommendation (v)

In respect of the Carmarthenshire NHS Trust, and its current financial difficulties, we

urge that the NHS Directorate work closely with both the trust and Dyfed Powys Health Authority to rectify urgently any failings in their Recovery Plan particularly in regard to the level of realism in the Plan and to ensure protection of patients' services.

Assembly officials have been working very closely with Dyfed Powys Health Authority and the Carmarthenshire NHS Trust to improve the robustness and realism of the plan on both service and financial grounds. Overcoming the Trust's financial difficulties will inevitably involve some changes from the current structure and pattern of services but, with the additional resources that are now available, we expect the Trust to deliver real improvements in the quality of services and patient care.

Recommendation (vi)

The existing resource allocation mechanism has outlived its usefulness and does not adequately address the various and differing cost pressures that affect NHS bodies across Wales. We therefore urge the NHS Directorate, in close consultation with the Health and Social Services Committee, to act speedily on the results of the ongoing review of the funding formula and to put in place a system that accommodates such factors and provides for fair and equitable annual financial settlements.

The Health and Social Services Committee agreed to set up a review of the current arrangements for allocating financial resources to the NHS in Wales. The National Steering Group, chaired by Professor Peter Townsend, is to present its emerging findings report to the Health and Social Services Committee by 31 December 2000 and a final report for consultation by 31 March 2001, with a view to recommended changes to the main formula being introduced progressively from 2002-03.

The Group is also looking at the structure and themes for the supporting task groups and timetable for the review. There is a lot of work to be undertaken in a relatively short (and challenging) timescale and this will limit the amount of original work that can be undertaken in support of this review. We want to implement change as speedily as possible but it is important to ensure that it addresses comprehensively the range of issues identified, including social deprivation and rurality.

Recommendation (vii)

As regards the management of clinical negligence by the NHS in Wales, we strongly recommend that the NHS Directorate take action to identify and disseminate examples of best practice in financial management across NHS Wales.

All NHS trusts in Wales have completed an assessment of the risk management standards within their organisations. Welsh Risk Pool auditors are currently visiting the trusts to

undertake a review of performance against the Risk Pool standards. We are working with the Welsh Risk Pool to develop a comprehensive set of Welsh Risk Management Standards, to cover all aspects of clinical and organisational controls, which is to be launched in the Autumn.

In addition, we have established a forum of risk managers and other professionals across the NHS in Wales, with the aim of sharing issues of concern, developing and sharing best practice, and disseminating lessons learnt.

Recommendation (viii)

Greater transparency in the disclosure of medical details to a complainant should become the standard. We encourage the NHS Directorate to address this issue in part through changes in the education and training of medical staff and to take a leadership role in developing a culture of openness and good communication.

The Welsh Health Legal Service, who act as legal advisers to the majority of the NHS in Wales, meets hospital staff at all levels to help trusts avoid negligence claims through better communication with patients and their families and encourage trusts to apologise at an early stage where it is necessary. Clinical governance standards are promoted by the Assembly and the Welsh Risk Pool to ensure that staff are aware of the need for openness.

Good claims and risk management are key to managing levels of claims, and a risk management development programme is being developed with the NHS Staff College, which will commence in October 2000. The programme aims to improve the skills of risk managers within trusts in influencing their organisations and frontline staff in reducing risk, and hence the incidence of clinical negligence. We shall also be considering the applicability in Wales of developments identified in the English National Plan.

Recommendation (ix)

The total cost of fraud in the NHS in Wales is not known, and significant improvements are needed in the detection and prevention of fraud. We urge the NHS Directorate to tackle this problem as a matter of urgency, and in particular to consider the potential use of "spend to save" incentives which would allow any savings generated to be released directly for patient care.

The Assembly’s First Secretary and the Secretary of State of Health announced on 10 April 2000 that the Assembly is to become a partner in a major initiative to counter fraud in the NHS. A counter fraud operational service (CFOS) has been set up in the past year across England, and Wales is in the process of establishing its own CFOS team.

By working with the existing structure in England, we will be able to deliver a cost-effective

service to deter, detect, and prevent fraud in the NHS in Wales. The CFOS (Wales) team will be able to draw upon a wide range of expert training and support functions in support of anti-fraud initiatives already in place in the NHS in Wales. The CFOS (Wales) service will be fully funded by the Assembly and any savings generated by the CFOS team or by health authorities and trusts will be released back to the NHS for patient care.

Recommendation (x)

The main focus in tackling fraud to date has been in the primary care sector. We encourage the NHS Directorate to address the risks of fraud within the secondary care sector as well, taking due account of the relative inherent risks of fraud arising.

The remit of our anti fraud working group has recently been expanded to look at areas of fraud within the hospital sector. Evidence suggests that the most losses to the NHS are in the areas of prescription, dental, optical and medical services, and these are the areas that the new CFOS team will be focused on initially. The remit of the CFOS (Wales) team, however, will also include investigation of frauds in the secondary sector in areas such as payroll and procurement.

Recommendation (xi)

We recognise that the NHS is taking steps to control the increasing cost of primary care drugs. The Task and Finish Group is investigating this area, and we strongly recommend that the Group's findings are reviewed as a matter of priority and, where appropriate, implemented by the NHS Directorate at the earliest opportunity.

Although there are a number of initiatives across Wales to promote effective prescribing, we expect expenditure on primary care drugs to continue to increase in the short to medium term. This will be in part a consequence of the better identification and treatment of cardiovascular disease, mental illness, cancer and other serious diseases in the community as a result of the implementation of National Service Frameworks and recommendations of the National Institute for Clinical Excellence.

The Cabinet is determined that prescribing expenditure will be used to the best effect. We will consider very carefully all recommendations in the final report of the Prescribing Task and Finish Group which is expected in the autumn.

Recommendation (xii)

Other options are also available to tackle the rising costs of primary care drugs, and we urge the NHS Directorate to develop a coherent strategy, including the consideration of issues such as the greater use of generic drugs, joint formula redevelopments,

prescribing incentive schemes and the incidence of repeat prescribing.

The Prescribing Task and Finish Group has heard evidence relating to a number of measures for improving prescribing presented by the Audit Commission as a consequence of a comparative study of prescribing patterns in Wales and similar parts of England the Commission has undertaken. The group will be taking account of this evidence in its findings and recommendations. We expect that the Prescribing Task and Finish Group's recommendations will provide the basis for the development of a comprehensive strategy for dealing with prescribing issues over the next three to four years.