	The Welsh NHS Confederation response to the Finance Committee consultation on the Welsh Government Draft Budget Proposals 2018-19.
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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.

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