Cynulliad Cenedlaethol Cymru
The National Assembly for Wales

Y Pwyllgor Iechyd a Gofal Cymdeithasol
The Health and Social Care Committee

Dydd Mercher,17 Hydref 2012
Wednesday, 17 October 2012

Cynnwys
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Cynnig dan Reol Sefydlog Rhif 17.42(vi) i Benderfynu Atal y Cyhoedd o'r Cyfarfod
Motion under Standing Order No. 17.42(vi) to Resolve to Exclude the Public from the Meeting

Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynddi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

The proceedings are reported in the language in which they were spoken in the committee. In addition, a transcription of the simultaneous interpretation is included

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Mick Antoniw	Llafur Labour
Mark Drakeford	Llafur (Cadeirydd y Pwyllgor) Labour (Committee Chair)

Rebecca Evans	Llafur Labour
Vaughan Gething	Llafur Labour
William Graham	Ceidwadwyr Cymreig Welsh Conservatives
Elin Jones	Plaid Cymru The Party of Wales
Darren Millar	Ceidwadwyr Cymreig Welsh Conservatives
Lindsay Whittle	Plaid Cymru The Party of Wales
Kirsty Williams	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats

Eraill yn bresennol
Others in attendance

Alan Brace	Cyn-gyfarwyddwr Adnoddau Former Director of Resources
Lesley Griffiths	Aelod Cynulliad, Llafur (y Gweinidog Iechyd a Gwasanaethau Cymdeithasol) Assembly Member, Labour (the Minister for Health and Social Services)
Steve Milsom	Dirprwy Gyfarwyddwr, Polisi Gwasanaethau Cymdeithasol i Oedolion Deputy Director, Adult Social Services Policy
David Sissling	Cyfarwyddwr Cyffredinol, Iechyd, Gwasanaethau Cymdeithasol a Phlant Director General, Health, Social Services and Children
Gwenda Thomas	Aelod Cynulliad, Llafur (y Dirprwy Weinidog Plant a Gwasanaethau Cymdeithasol) Assembly Member, Labour (the Deputy Minister for Children and Social Services)

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Victoria Paris	Y Gwasanaeth Ymchwil Research Service
Llinos Dafydd	Clerc Clerk
Catherine Hunt	Dirprwy Glerc Deputy Clerk

Dechreuodd y cyfarfod am 10.28 a.m.
The meeting began at 10.28 a.m.

Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introduction, Apologies and Substitutions

[1] **Mark Drakeford:** Bore da a chroeso i chi i gyd i'r Pwyllgor Iechyd a Gofal Cymdeithasol.

Mark Drakeford: Good morning to you all and welcome to the Health and Social Care Committee.

[2] Yr ydym wedi derbyn

We have received apologies from Lynne

ymddiheuriadau gan Lynne Neagle. Mae hi'n dost ac felly nid yw'n gallu bod yn bresennol. Nid oes dim arall o dan yr eitem hon.

Neagle. She is ill and therefore unable to attend. There is nothing else on this item.

Cyllideb Ddrafft Llywodraeth Cymru ar gyfer 2013-14—Craffu ar Waith y Gweinidogion
Welsh Government Draft Budget 2013-14—Ministerial Scrutiny

[3] **Mark Drakeford:** Croesawaf y panel—nid wyf am gyflwyno pob un ohonoch, gan ein bod i gyd yn gyfarwydd â phwy sydd gyda ni. Nid wyf yn credu i ni gwrdd ag Alan Brace o'r blaen. Ef yw cyn-gyfarwyddwr adnoddau Llywodraeth Cymru. Credaf i ni gwrdd â phob un arall o'r blaen.

Mark Drakeford: I welcome the panel—I do not wish to introduce every one of you, as we are all familiar with whom we have with us. I do not think that we have met Alan Brace before. He is the former director of resources at the Welsh Government. I believe that we have met everybody else before.

[4] Let us move straight into the business of this meeting. Minister, I was not sure whether you were going to say something briefly at the beginning. We have had your report, of course, and a chance to look through it. Do you want to introduce it?

10.30 a.m.

[5] **The Minister for Health and Social Services (Lesley Griffiths):** Thank you, Chair. I will just start by saying that I am very pleased the £6.3 billion budget for health, social services and children has been protected in this budget. It means that we are still spending more than 40%—43%—of the entire Welsh Government budget. Members will probably remember that, last year, we allocated an additional £288 million. I thought that it was very important that the health boards felt that they had a sustainable financial footing on which to go forward, particularly with the service reconfiguration plans. The NHS has worked with absolute determination and purpose to continue the pattern of improved delivery while living within its means. That was very evident in the chief executive's annual report, which he issued in the summer.

[6] I have always been very honest: it is a very challenging situation that we find ourselves in. All Ministers are in the same situation with regard to our budgets. We need to work very closely with the NHS, with the local health boards and trusts, to develop and implement plans so that we can ensure that services are of the highest quality, that they are safe and that they are sustainable.

[7] Members will be aware that the reconfiguration plans are now in process. We have Betsi Cadwaladr University Local Health Board and Hywel Dda Local Health Board currently consulting on their respective proposals, and the south Wales plan has just gone to public engagement.

[8] I will not go through all of our priorities, as I am sure that that will come through in the responses to the questions. However, I will just say that the Government has prioritised its limited funding to ensure that key services are safeguarded, and it is very important that we take forward our programme for government.

[9] **Mark Drakeford:** We will do the normal thing and move to questions from Members. As we have an hour and a half, I will allow individual Members to pursue a line of questions with you both. I will start with Rebecca; I will then move across to Lindsay, as I know that he has some questions for the Deputy Minister as well as questions for you, Minister.

[10] **Rebecca Evans:** I would like to open with some questions regarding mental health services. The Wales Audit Office report on adult mental health services last year stated that there is some evidence to indicate that not all health bodies have fully complied with ring-fencing requirements over the years, and that finance directors expressed varying levels of commitment to adhering to the ring-fencing guidance. What is your response to that, and how are you monitoring adherence to ring-fencing in mental health?

[11] **Lesley Griffiths:** I have gone on record as saying that I think that ring-fencing is a very blunt tool, but it is an important tool in relation to protecting core services, and mental health budget allocations are one area that we have ring-fenced and we have continued to ring-fence. It is a floor; it is not a ceiling, but a floor. That is the minimum that health boards must spend on mental health. We have had the delivery plan, which I will be announcing next week, on 22 October. There will be the 'Together for Mental Health' strategy, which is a 10-year strategy, along with the three-year delivery plan. That builds on the mental health measures. The patterns of NHS expenditure on mental health vary across health boards, and we need to consider the reasons for that. However, we monitor health boards' expenditure to ensure that they spend the ring-fenced funding on mental health services, and I am confident that that is the case.

[12] **Rebecca Evans:** You said that the ring fence is the floor, so with regard to efficiency savings, is it still your intention that any savings made in mental health are reinvested in mental health and would not be part of any overall cutbacks?

[13] **Lesley Griffiths:** Absolutely. Just because the money is ring-fenced, it does not mean that they are not expected to make efficiencies, but that money has to be reinvested in mental health services. I have spent a great deal of time talking to service users, particularly in relation to mental health because of the new strategy coming forward, and they think that we have mental health services in Wales to be very proud of, and the strategy will step this up a further gear.

[14] **Rebecca Evans:** What extra resources, if any, do you think will be needed to implement the strategy and how would that be reflected in the draft budget?

[15] **Lesley Griffiths:** We gave extra funding for the Mental Health (Wales) Measure 2010—I think that it was a sum of £3 million—but there will not be any extra funding for the strategy. That will be incorporated in the money.

[16] **Mark Drakeford:** William has a question on ring-fencing to follow that up.

[17] **William Graham:** Minister, you will be aware that one of the criticisms that we often hear of ring-fencing per se—although on this particular issue of mental health, I fully support what you are doing—is that the cost of monitoring the ring-fencing increases almost exponentially, so a lot of the savings can be lost. Have you encountered that or have you made provision for that in the expenditure that you have managed to release in this budget?

[18] **Lesley Griffiths:** That has not been raised with me in my discussions. I do not know if anyone wants to add to that.

[19] **Mr Sissling:** We monitor expenditure against all areas of delivery, not just those that are ring-fenced, because we increasingly need to know where the money is being deployed. That is becoming increasingly routine at an all-Wales level and within organisations. They are getting more and more forensic in understanding how money is attributed to service delivery priority areas. So, it is ingrained in the system; it is not an add-on, because we need to have that information so that we can make decisions about the future use of resources.

[20] **William Graham:** Therefore, the cost of that audit is not excessive and is fully spoken for, as it were, in your budget.

[21] **Lesley Griffiths:** It is part of the monitoring process.

[22] **Mr Sissling:** It is the way that we do business.

[23] **Mark Drakeford:** Minister, you said last year that you knew that mental health ring-fencing was an instrument that had pluses and minuses. I do not know whether your officials have an idea, but how leaky is this fence?

[24] **Lesley Griffiths:** How leaky?

[25] **Mark Drakeford:** Yes. We know that, although budgets are ring-fenced, the fences are often very leaky and the money that is meant to be kept inside leaks out to other things.

[26] **Mr Sissling:** It would be slightly unfair to presume that that is the case. We monitor it in quite a rigorous way, and if there is any evidence or indication that the money being applied is less than we would hope, we will take that up with the health board or trust and expect it to take responsive action. There is a growing sense in the service of the benefits of ring-fencing, because it provides an opportunity to plan, not just for this year, but for future years, with some degree of certainty. So, we are finding that it is seen as a benefit. I am not aware of a particular case in which there has been any underspend against a ring fence in the various areas where we do ring-fence money.

[27] **Lindsay Whittle:** Good morning. Public health and prevention are of particular interest to me. We have seven schemes where we are trying to improve the public health of our nation, but I noticed in the budget that five of them will receive a decrease in their expenditure in real terms, one scheme will remain the same and just one will increase. Last year, the Chief Medical Officer for Wales's report noted that while the health of the people of Wales is generally quite good and improving, life expectancy in our poorer communities is still lower than in our wealthier communities. What is the evidence that targeting the most deprived communities is achieving our goal of increasing life expectancy? I am not for one minute suggesting that we do not target poorer communities, but are we doing it right?

[28] **Lesley Griffiths:** That is why we evaluate programmes. I am keen that any new programmes that are introduced have a strong evaluation, because health inequalities, as you would expect me to say and as you would agree, are something that we have to target. The allocations that we have for public health issues are very much focused on our programme for government priorities and those set out in 'Our Healthy Future'. We need to concentrate on the four main lifestyle aspects: smoking, diet, alcohol consumption and physical activity. You will be aware that we have put Fresh Start in as a new campaign. You will also be aware that we have a new chief medical officer, and I met with her again this week. One of the things that both Dr Hussey and I think that we should tackle is obesity. Although we have seen a fall in obesity, we still have a real issue with it in Wales, so it is about making sure that we are targeting the right groups and that we are doing the right things. In relation to our poorer communities, I am keen to do some work on the inverse care law, and I will have some pilot projects coming in over the next few months. I am waiting for the scheme to be written up and given to me to sign off. However, it is important to ensure that our public health programmes fit in with what we want as a Government and the outcomes that we want.

[29] **Lindsay Whittle:** Thank you for that, Minister. If I may ask a supplementary question to that, I was not going to mention obesity, but as you have brought it up, I will. Members will know that I have had had some particular publicity over child obesity. People

have criticised me for my Facebook page and some of the columns that I write for local newspapers, asking why I, as a politician, am telling people, as adults, what to eat. There is an argument for saying that we can only advise, and if you want to live an unhealthy lifestyle you are not going to live as long as perhaps you should. You say that you want to increase the programme for adult obesity from 18% to 22% over a seven-year period. What about child obesity, which is far more important? I do not particularly want to tell adults what to eat, but I do want to guide adults about how to feed their children correctly.

[30] **Lesley Griffiths:** It is difficult, is it not? You get accused of being a nanny state and of telling people what to do, but, as I have said since becoming Minister for health, it is about the public taking control of their own lifestyles. For instance, we know that diabetes can be caused by an unhealthy lifestyle. It is about everyone working together, and not just the Government telling people what to do. We have schemes such as MEND—Mind, Exercise, Nutrition…Do it! We are also building on the Olympic and Paralympic events in the summer. An extra 8,500 families have signed up for our Change4Life programme, which targets families as well as children. It is about making people realise that we all have control over our lifestyle, and our lifestyle has some impact on our health in the future.

[31] **Lindsay Whittle:** Finally, I have two questions for the Deputy Minister, please. The first is about the provision made in the 2013-14 budget plans in relation to bringing forward and implementing the new social services Bill. Secondly, how effective do you think the invest-to-save fund has been in achieving savings and increasing the efficiency and effectiveness of social care services, and what evidence is there for that?

[32] **The Deputy Minister for Children and Social Services (Gwenda Thomas):** With regard to 'Sustainable Social Services: A Framework for Action', which is leading to the development of the Bill, I have made it absolutely clear that there will be no more money. The budget allocations clearly show that we are defending our £35 million investment in social services' spending, which commenced in 2011-12, over three years. We are talking here about doing things differently, about taking preventative measures and building on people's strengths.

[33] With regard to the implementation, it is the same theme, really, and you will know of our proposal for a national adoption service, and that we intend to reduce the number of services from 23 to one.

[34] With regard to transition costs, which I think you touched on as regards the cost of transformation, particularly during transition, we have made £0.5 million available this year, which is shared between the Social Services Improvement Agency and the Association of Directors of Social Services. That has amounted to £2 million for facilitating transformation. As I have said right from the outset, and as I repeated at the social services conference, there is no new money, and we are looking at the costs of this being borne by the health and social services budget and the rate support grant. That is why we are doing things differently, working collaboratively, and I welcome the announcement by the Minister for Local Government and Communities yesterday of the £10 million fund to facilitate that. That is the key to this transformation, and to how we must move in the future.

[35] **Lindsay Whittle:** What about the invest-to-save fund?

[36] **Gwenda Thomas:** The invest-to-save fund is particularly interesting and innovative, as it is based on the principle of loans being repaid by the initiatives and of that money then being recycled. With regard to social care, the one that immediately springs to mind is the Gwent frailty project, but there are others, such as the Care Closer to Home project within Hywel Dda Local Health Board, the Wyn Campaign on regaining and retaining independence within the Cardiff and Vale University Local Health Board, and a whole systems intermediate

care model by Cwm Taf Local Health Board. It is a bit soon to produce exact opinions on efficiency. However, I am certain in my mind that, having the invest-to-save money targeted on front-line services and supporting innovation locally, we are really making a mark. When we have more accurate figures to give you, we will provide them.

10.45 a.m.

[37] **Mark Drakeford:** Minister, in case we do not have a chance to come back to this subject, I would like to ask a follow-up question to Lindsay's question. In the public health budget lines, there appears to be a real-terms decrease of 17.7% in those activities that include immunisation. That is in the analysis that we have. Is that a figure that you recognise?

[38] **Lesley Griffiths:** No. Actually, I was asked this question last week in the Children and Young People Committee. No, the immunisation budget has been protected. There has been no decrease.

[39] **Mark Drakeford:** Thank you. That is very helpful.

[40] **Mick Antoniw:** However, in the figures, it seems that there are reductions, particularly to health improvement, healthy working, the inequalities in health fund and so on, which represent a stepping back from some of the more proactive and preventive areas of expenditure. Is that right or are we misreading that?

[41] **Lesley Griffiths:** I will ask Alan to answer that one.

[42] **Mr Brace:** There are no real-terms reductions in this but there are transfers out of a lot of the public health programmes to the new Public Health Wales trust. Some of the adjustments that you are looking at represent our moving money from the Welsh Government to Public Health Wales, which will deliver these programmes on behalf of the Welsh Government.

[43] **Mick Antoniw:** So, in real terms, there is no actual change. It is really just down to the way in which the budgets are managed and where the funds are placed.

[44] **Mr Brace:** Absolutely.

[45] **Mark Drakeford:** That is very helpful to know.

[46] **Vaughan Gething:** Good morning, Ministers. I am interested in a general point about how money is and is not being prioritised. It goes back to the issue of the general policy direction that we are being told about, not just by you but by other organisations, of trying to move from secondary to primary care because 90% of health contacts take place in primary care while about 90% of the budget goes to secondary care. What I am interested in is whether we will see a transfer of money—and if not in this budget, in future budgets—to primary care to follow where you want people to have those health contacts. I am also interested in the nature of primary healthcare contacts with the public. The flu jab campaign is an example, with a number of community pharmacies offering the service. I have not had mine yet, but I promise I will, Minister. However, are there budgetary consequences of looking to encourage people to access healthcare in different ways, particularly from an IT point of view? If so, where can we see those in this budget? I do not understand where the lines are to show any money that needs to be moved to enable that new IT? Equally, in future, will we see more money being moved into primary care if we want more contacts in primary care?

[47] **Lesley Griffiths:** The simple answer is that that money is already in the core

allocation to local health boards. Given that we have these new integrated bodies, that money is already there. Where it will be in future will depend on how we go forward with the service reconfiguration. You are absolutely right that 90% of all health contacts take place in primary care settings and 90% of resources are spent in secondary care. Hospitals are very expensive. That is why I am trying to move the debate from being about hospitals to being about services. That is an important point. The flu vaccination is a really good example. I am sorry that you did not come to the little clinic that we held for Assembly Members yesterday. We all have sore arms today.

[48] **Vaughan Gething:** I will go to a community pharmacy in my constituency—honest.

[49] **Lesley Griffiths:** It is very important. One thing that concerned me about last year's winter flu vaccination programme was that, again, we did not reach our targets. I want to reach those targets, and I think that it helps if pharmacies can provide this. For example, I work away from home for part of the week and it is much easier if I can just pop into a pharmacy to arrange it. As we roll out the minor ailments scheme, where a patient will have to be registered with a pharmacy as well as a GP to participate, it will be helpful as we see more people going to their pharmacists for advice.

[50] You mentioned IT. Again, it is very important that the IT facilities are available to take a lot of these programmes forward. I have just mentioned the minor ailments scheme, and that is one very important thing. As for whether we will see money for that, I certainly do not think that there is anything this year. However, maybe in future years we will see more of a shift.

[51] **Mr Sissling:** I would just like to add that one of the Minister's priorities is primary care. At the moment, there are 60 local arrangements within health boards. Health boards are big, and so the local arrangements are to ensure that they can talk to, and with, local communities. They have developed 60 community networks or localities with strong general practitioners, community district nurses and pharmacists playing a significant role in shaping how care is delivered in the community and through pathways into and out of hospital. In the near future, the Minister will be offering a clear steer on the need to accelerate that, with some guidance that we are producing, which is intended to make sure that the resources are in the right place. It is partly money, but it is also, importantly, people, expertise and the enthusiasm and drive to change these services. We are monitoring delivery in a way that allows us to see changes. So, last year, for example, we saw a 15% reduction in the number of admissions into hospital for chronic diseases, which shows that there are arrangements in the community to provide alternatives. The figures showed much quicker discharge rates and reduced lengths of stay, and so the ability to take patients into community and domestic settings quicker is proving to be effective. So, we are beginning to see the system working in practice.

[52] **Vaughan Gething:** Can I just go back to that prioritisation of how you want people to be treated, how you want people to access the health service, and how money will enable that or not? To go back to this point about IT, when we did the community pharmacy inquiry, it was very clear that access to a form of health record was a big practical barrier to achieving your aims and objectives, and the things that this committee and our report were very positive about, namely the greater use of community pharmacies. So, I cannot see in the paper or in the budget lines where the money is to enable that health record to take place, or whether the IT systems are in place. It may be that it is in a line and I cannot see it, or that we will see it and be able to identify it in the future as meeting the policy priorities that you set out.

[53] **Lesley Griffiths:** To be honest, I do not really think that the issues are all about money. A lot of the problems are with professionals not wanting to share information. It is getting over those barriers with professionals about the sharing of information. It is not so much a budgetary issue. Gwyn Thomas, our chief information officer, is the first to say that

IT should be an enabler but, sadly, I have found it to be quite a barrier. This is not from a budget point of view, but from a sharing of information point of view.

[54] **Mr Brace:** I would like to comment on a couple of points in relation to IT in primary care. The Minister mentioned Gwyn Thomas as chief information officer, and £13 million of the budget that we give the NHS Wales Informatics Service to run IT programmes across Wales is dedicated and ring-fenced for GP IT development. In addition, we are currently developing a minor ailments scheme and part of that will be to put in a family record within community pharmacies to enable them to manage more directly the care of families through the minor ailments scheme. The next step of that will be to ensure that that is integrated with the broader health systems, particularly general practice.

[55] **Vaughan Gething:** May I raise two areas with the Deputy Minister, as well? There is one specific budgetary point that I do not understand. Well, I do understand it but I am looking for an explanation. On page 12 of the paper, in paragraph 18, you talk about the Care Council for Wales. I know that we were told as part of last year's scrutiny to expect just 3% efficiencies, but in fact there has been an increase of a couple of percentage points—£230,000 odd. I am just wondering how and why you chose to prioritise that area for some extra spending, or not for efficiencies, and what that relates to.

[56] Also, on page 5 of the paper, you talk about the roll-out of Flying Start and the expansion of the programme to concentrate on families with children up to 3 years old living in income benefit households in Wales. I am interested in how you chose to prioritise that area for the additional money and spending, and also what you expect to see by way of outcomes to measure the value for money of Flying Start at present, but also looking at the fact that you are putting extra money into the programme in the future.

[57] **Gwenda Thomas:** On the care council and your reference to last year's budget scrutiny, we were at that point thinking to reduce the care council's budget by 3%. However, I said in that committee that I would listen to what it said, and you raised some concerns about that reduction. I also listened to what the care council had to say. There is an issue about it also having a different financial year, so, at that point, we were awaiting the final indications in that respect. After that, I seriously considered the social work student bursary element of the care council budget and I protected that. So, the 3% was a reduction out of the rest of the funding, if you like. It resulted in an overall reduction of 1.7%. That is the explanation for that.

[58] In this year's budget, there is a net increase to this action referring to the care council of £231,000, which is in respect of depreciation costs. I am confident that the care council will deliver within that budget, and will deliver in the 2013-14 financial year. We are talking to the council, of course, about this year, but I am intent on defending that student budget again into 2013-14. That is the explanation for the change there.

[59] I am very pleased with the progress that we have made in respect of Flying Start. You will see a transfer between titles of £1.25 million, between the social services strategy and the children's budgeting, and £1 million of that is with regard to the roll-out of Flying Start. By the end of next year, 2013, Flying Start will be pan-Wales. That is earlier than we had intended or hoped for. So, by the end of 2013, there will be 10 teams covering the whole of Wales. I think—I would need to check this—that the total expenditure to achieve all of that will be in the region of £4.5 million. I think that that is a very good example of how we can achieve and do things differently for not all that huge an amount of money.

[60] With regard to the specific question on the roll-out of Flying Start, we changed the principle by which we funded Flying Start. You might recollect that it was previously allocated taking into account free school meals and the index of multiple deprivation. I did

not think that that targeted 0 to 3-year-olds; it targeted people up to the age of 18. So, we needed to be much more specific, and it was decided that we would provide funding in accordance with families who were receiving income support. Therefore, within those figures, you can target children within the family unit that are between the ages of 0 and three. It will still be based on where the population is with regard to people receiving benefits. I did take into account the very reasonable and serious point made to me by quite a few people and organisations that this resulted in some cases in people on one side of the street benefiting from Flying Start, while those on the other side did not. So, we introduced a small amount into that budget, but we can now look at that again and develop our thinking, to allow local government the discretion to reach outside of the geographical limits within which it was working and to identify need within communities and use that dedicated amount to do that.

[61] We will have to look at things again, with the introduction of universal benefits from 2013, to see how we keep the focus on 0 to 3-year-olds in the roll-out of Flying Start. However, there is also the issue of being able to develop infrastructure. If you are looking after children, you must have a place in which to do so. That is why we have seen an increase in the capital budget, with £12 million in 2013-14. You will know that we had £6 million last year, £3 million of which has not yet been spent. However, projects have now been identified that meet the criteria. The indication is that there will be an extra £4 million in 2014-15. That will bring it to an overall investment—revenue and capital—of £74 million in order to initiate and roll out Flying Start.

[62] **Mark Drakeford:** Thank you very much. I will now call on Kirsty, and then William and Elin.

11.00 a.m.

[63] **Kirsty Williams:** Minister, you stated earlier that the budget is in line with the programme for government. One of your key manifesto commitments was to make GP services more accessible. It is stated on page 3 of your paper that that Government priority will be delivered within the ongoing general medical services budget of £450 million, but there is an acknowledgement that resources will be realigned. Which resources will be realigned to allow enhanced access to be achieved? The way in which you intend to measure your success is by the percentage of the population that has access to out-of-hours appointments, rather than by the number of people who take up those appointments. Can you explain how you will assess the suitability of spending resources on that, as opposed to on the services that you will have to realign resources from? Could you show us where the funding is in the budget for the 50-plus health checks and tell us how many health checks you expect to deliver as result of that investment?

[64] **Lesley Griffiths:** In relation to GP access, you will be aware that we have taken a staged approach to develop the commitments. So, the initial phase was to reduce half-day and lunchtime closures and the redistribution of appointments to between 5 p.m. and 6.30 p.m. to better meet the needs of patients. Some work has also been done on appointments before 8 a.m. That has been done with no additional cost. The second phase, which will be our priority for 2013-14, is to ensure the availability of appointments outside contracted hours, after 6.30 p.m., and that will not involve any contractual imposition. However, I recognise that that will involve very close collaboration with GPC Wales and the health boards to ensure that we can meet the reasonable requirements of patients. I am pleased with what we have done up to now. The third phase will be appointments on Saturday mornings.

[65] I recently had a review done of out-of-hours provision, because, as we discussed before in relation to primary care and secondary care, while most of the funding is spent within hours, a huge amount of work is done out of hours, and we need to have a look at that. So, that is something that I am considering at the moment. I would, obviously, like 100% of

patients to be able to access a GP at a time convenient to them. I do realise, as I say, that there is a huge amount of work that we need to develop.

[66] We are still doing developmental work in relation to the health checks for the over 50s. That preparatory work will go on up to 2013. You asked how many people will have those health checks. You cannot make people go for health checks, and I want to avoid just the worried well or those already in the system going for them. We want to make sure that the people who really need those checks have them. In relation to the budget line—

[67] **Mr Brace:** It would be in the delivery of targeted NHS services—the primary care line.

[68] **Kirsty Williams:** So, how much money are you going to spend on this policy?

[69] **Lesley Griffiths:** On the developmental work?

[70] **Kirsty Williams:** No; this budget is for 2013-14. You said that the developmental work goes on until 2013. This is for a year, 2013-14, in which, by your own admission, you should start delivering this policy. I am asking how much money you are spending on this policy and how many 50-plus health checks that will buy.

[71] **Lesley Griffiths:** Do we have that breakdown?

[72] **Mr Sissling:** We do not have that breakdown at the moment.

[73] **Kirsty Williams:** I want to take you back to GP hours. I understand the policy and why the Government feels that it is important. Your paper states that this will be funded within existing resources by realigning existing expenditure. Could you explain, in plain language, which services will not be delivered because you are realigning the expenditure?

[74] **Lesley Griffiths:** I am not expecting any services to be cut. It is about working better. Obviously, GPs will be having discussions with local health boards about realigning that funding.

[75] **Kirsty Williams:** So what does realigning that funding mean? If you are not expecting anything to be cut, but you are expecting to deliver different services, what does realigning existing expenditure mean for us in trying to scrutinise your budget?

[76] **Mr Sissling:** At any point in time we are looking at that, I think, £440 million plus—

[77] **Kirsty Williams:** It is £450 million according to your paper.

[78] **Mr Sissling:** Yes, £450 million. We are looking at that and making sure that we get best value out of it, so it is not fixed—it moves and changes on an annual basis through understanding the effectiveness of how it is used at the moment, talking to general practitioners and listening to patients. At any point in time there are processes that make sure that we can use it to better advantage, and at any point we obviously want to improve and advance the services through primary care. It goes back to the discussion we had earlier, in that we want to look at the whole health system rather than primary care boxed off from secondary care. So, there is always evolution in the way that we spend that money. What we will be doing in terms of this particular area is looking at it in the round with the practitioners and others to make sure that, if we do have to redistribute some money from one area to another—and there is no decision taken yet—the overall effect is a net benefit to the population that we are serving.

[79] **Kirsty Williams:** Absolutely, and my beef is not with you disinvesting in services that are not delivering or adding value. That is the sensible thing to do. I am just trying to get an understanding of the level of disinvestment and where it will be in order to achieve your Government's stated priorities. I am not saying that it is the wrong thing to do; I am just trying to get an understanding of what would be disinvested.

[80] **Lesley Griffiths:** I do not think that there is any disinvestment. The NHS does not work in boxes, which is the point that David made. We talked about flu vaccinations earlier, and I know that some GPs are very happy that pharmacies are now involved, because, as they say, it takes the pressure off them. My local surgery, for instance, ran a very large flu vaccination clinic on Saturday morning, so that work is already taking place outside of this, improving the access.

[81] **Kirsty Williams:** Could you tell the committee how you test the sustainability and deliverability of the savings targets that LHBs will have to meet? Is it your intention to continue to offer brokerage?

[82] **Lesley Griffiths:** With the new regime that we brought in this year, I said that the brokerage I gave to Aneurin Bevan Local Health Board, Cwm Taf LHB and Powys LHB will not be available to them again this year. It was a one-off. Cardiff and the Vale LHB had £12 million as well. The other LHBs will be entitled to that brokerage. I meet my chairs at least every month—sometimes more than that—and my expectation is that they come in on target. That is what they are working to at present. However, you will be aware that I announced last month that I had asked David to do a review of the finances. I have not had that report back from David yet, but obviously I will have to take decisions on what comes out of that.

[83] **Kirsty Williams:** We are looking at a budget that starts in April of next year, with indicative spending for the LHBs—or rather non-indicative; this is the money the LHBs will have—yet you are saying that you are carrying out a review into LHB expenditure. How can we have any confidence that the figures placed before us are adequate if your review is being carried out now?

[84] **Lesley Griffiths:** It is a mid-year review of this financial year, because I need to have the confidence that they will come in on target. There is continual monitoring—Alan can perhaps say a bit more about the monitoring process—and there is a statutory responsibility, but it is a massive ask. You have heard me say—I think it was actually Mark who used the expression—that it is like landing a jumbo jet on a postage stamp. Year-in, year-out, they have to do that, at the end of every financial year. Other aspects of the public sector do not have to do that. You are right, I have to have confidence, and I do have confidence in that. We are doing a mid-year review because we are going through service reconfiguration this year as well. They will be told their allocations in December, and will have the final quarter of the year to prepare, but it is pretty obvious that they are used to working with the same sums of money as they prepare for the following year.

[85] **Kirsty Williams:** I do not disagree that we are asking them to do a difficult job and it is a big ask, and I do not disagree that you have been very clear that you expect people to come in on budget. However, we have figures here for the next financial year that you are presenting to us as a credible amount of money to deliver all the services that you expect them to deliver, yet then you tell us that with regard to this year's money, you have to carry out a mid-year review because you do not know whether this year's money is enough. I am trying to get an understanding here of what processes you have been through to tell us that these are credible figures for next year's budget, when you are telling us now that you are not confident that this year's figures are enough. You have had to make a decision that this is how much the NHS is going to get. On what basis have you arrived at these figures?

[86] **Lesley Griffiths:** I did not say that I did not have the confidence; I was just saying that I have asked for the mid-year review because I want to be very confident. I only have the money that I have; if we had not had the massive cuts from the UK Government in our budget as a Welsh Government, perhaps I would have more. I get a very large share of the pie at 43%, and my Cabinet colleagues are incredibly supportive of the NHS. I asked David to conduct this review because it is very important, going into service reconfiguration, that I know that the finances are in a very secure place, and I believe that they will come in on target. You asked about brokerage and there will be that little bit of flexibility. When I became Minister just under 18 months ago, there had been bailout after bailout after bailout going back probably 15 or 20 years. I did not want that. I wanted some sustainability and I am achieving that. We are only 18 months into it, and I asked David to do a review of the finances because I wanted that reassurance.

[87] **Mr Sissling:** The review is about finances and delivery because we are very conscious of quality in the NHS. Money is a means rather than an end. The review is not completed, but there is an important link here. One of the issues coming through, through reviewing some of the pressures on the service, is what appears to be quite a significant increase in the number of very elderly patients—over 85-year-olds—presenting at hospitals, in accident and emergency departments or through general practitioner referrals. As we know, those patients may not be the most acutely ill, but they are the most dependent, and it requires very intensive and, at times, very expensive, care arrangements. The knowledge of that, which we are now tracking, to a very precise level, gives insight into this year, but very importantly, it allows us to plan for next year, within the context and knowledge of the finances available, with much more certainty. It is informing the planning processes for next year because we know that there is a demographic trend, about which we have seen the graphs, but it is now materialising as very significant pressure within the NHS. So, the review is not just a moment in time for this year; it is something that will play into our three-year plans. We are now asking the NHS to do three-year plans, so that we have a more strategic approach rather than going from April to March each year, because almost inevitably, that boxes us in to very short, limited and diminishing time frames.

[88] **Lesley Griffiths:** I will just add to that that one of the reasons I asked for this was that I had my chairs meeting at the beginning of September, and three of the chairs raised the issue not only of the over-85s, but of the acuity and complexity of cases that they had seen over the summer. We all think that there is not as much pressure on the NHS in the summer as there is in the winter, but there had been this unparalleled demand over the summer that three chairs raised with me. I also saw a graph, which stopped me in my tracks. By 2033, the number of over-65s in Wales will have doubled, and that was another reason for the decision. Those two things made me start to think that we needed this review. It is not just a snapshot now, but a review for future planning, but those two things did make me think. We talk about the demographic ticking bomb, and demography is changing greatly.

[89] **Mark Drakeford:** A number of Members want to come in on this very fundamental question about the quantum of money that you have available to run the health service in Wales and how that is being deployed. We will try to do it rapidly because there are other people who want to ask their main questions. Elin, Darren and Mick all want to ask questions on this.

[90] **Elin Jones:** In the light of the fact that health boards have this bad track record of landing their jumbo jets on the postage stamp every year, do you think that it is a matter of their own financial planning being not particularly effective, or financial control not being effective? Is the budget inherently too small for them to come in on budget, or do you think that the statutory budget model, to which you have alluded, is ineffective in itself, namely the asking of health boards to break even at the end of each financial year?

11.15 a.m.

[91] Is there not a policy conflict here, where you are asking them to look at NHS three-year plans and at five-year reconfiguration plans and yet, they only have a one-year financial budget, which is in front of us today, and they are expected to break even at the end of every financial year? So, is it not the case that the financial model itself is not helping the good financial running of the NHS in Wales?

[92] **Lesley Griffiths:** Yes and we are looking at that. The LHBs have a statutory responsibility to break even, and they are looking at three-year spending plans now and at five-year reconfiguration plans. I also think that they expected to be bailed out because they had been bailed out year after year after year. I wanted to break from that practice. Last year, they came in on target apart from 0.02% of the budget and we used that brokerage, which they will have to pay back—there is no bail out; they will have to pay that back. The reforms in 2009 have given me the ability to do that when perhaps previous Ministers could not.

[93] **Elin Jones:** So, you are almost accepting that the current legal basis that health boards work to in having to break even at the end of every financial year is probably not the best model in terms of effective NHS financial control. Are you looking to reform and change that requirement to break even at the end of every year?

[94] **Lesley Griffiths:** Yes, we are looking at that. Alan may want to say more about that.

[95] **Mr Brace:** I have a couple of points. Your question is about the inability of health boards to break even being down to a failure of planning. Certainly, having existed for three years, there is plenty of evidence now that the health boards are getting more confident and comfortable with planning over the medium term. They are running quite substantial change programmes in terms of how they are trying to move some of the services out of hospital into primary and community care. However, we have an accounting regime that measures success or failure between 1 April and 31 March and often, these change programmes are running over 12, 18 or 24 months.

[96] With health boards that are engaged in work with social care partners like the Gwent Frailty Programme, what you find is that, in Gwent, five of the partners have flexibility to manage over more than one year and one of the big partners, namely health, is trying to do everything within a 12-month period. So, we are doing some work on a finance regime that was signalled in 'Together for Health' and we will look to report on that towards the end of November. We are working with the Wales Audit Office on this and a key task is to look at how we get flexibility into our system so that we can measure success or failure in financial terms over more than 12 months. That is some of the work that we are progressing at the moment.

[97] **Mr Sissling:** The only point I would add is that flexibility does not mean any less control or rigour. Three years does not mean that you can backload all the difficult decisions. It is important that there is more rigour in terms of any relaxation of the type we are talking about because you can see immediately that we need to ensure at any point in time that we have got a grip, and it is a question of delivery of plans as much as anything. Some might deliver in 15 or 18 months, but it is critical that we have the kind of systems that we have now plus some more.

[98] **Darren Millar:** I wanted to ask more about the end-of-year pressures because one issue that seems to recur is that often because of this pressure to land on the postage stamp in their jumbo jet, or it is a little like Felix Baumgartner jumping from 24 miles up and landing in the right field—

[99] **Elin Jones:** He managed it.

[100] **Darren Millar:** He did, yes. However, because of that pressure, they often take short-term unsustainable measures in order to make savings and hit that target, but those are not recurrent savings and are not longer term decisions. We know that that has caused anxiety in certain communities in terms of the longer term sustainability of their services.

[101] Minister, you will know that the Public Accounts Committee made a clear recommendation to change the regime, to ensure that it is flexible in order to allow for that longer-to-medium-term planning. However, the impression I get from what you are saying is that there will not be a fundamental change to the law to allow them to do that. So, what are you planning to do in terms of allowing the year-end flexibility? Will you retain a proportion of the central budget to dole out, or will it require a legislative change? As I understand it, it would require a legislative change, which takes longer to achieve.

[102] **Mr Brace:** At the moment, we are not looking at legislative change. We are looking at options with the Wales Audit Office around how we can introduce more flexibility into the current accounting regime. That is the work that we are doing at the moment.

[103] **Darren Millar:** There is a statutory obligation on health boards to hit the postage stamp and that will continue unless you change the law. At some point, you are going to have to look at a legislative change to achieve the difference that you need to make. Are you planning for that? If so, what is the timescale? How long until that is achieved? That is the only sustainable way to do it. Otherwise, I assume that your option will be some sort of cash in the bank that people can apply for to allow them that flexibility in some way, shape or form, with a bund of cash at the centre.

[104] **Mr Brace:** The priority at the moment, given the amount of change that is going on in the NHS, is to look at how we set resource limits for LHBs within the current legislative framework and how we could introduce flexibility within that. We will pick up anything longer term as part of that work. It will take time, as you said.

[105] **Darren Millar:** So, what are the options that you are looking at?

[106] **Mr Brace:** May I bring that back to a future meeting? We are working through that with the Wales Audit Office, so I do not today have the details of all the option appraisals that we are currently taking in.

[107] **Darren Millar:** You are in a bit of a straitjacket with the current legislative framework—that is the point I am making.

[108] **Lesley Griffiths:** To follow on from what Alan said on brokerage, it fitted in with the Wales auditor and it also fitted in with the PAC recommendations—you will know that, as Chair of the committee. We are doing what we can within the current legislation.

[109] **Darren Millar:** Okay. That is all I wanted to ask.

[110] **Mick Antoniw:** My concern is that there seems to be confusion over the messages from the Government about the difference between bailout and brokerage: one is where you draw down the benefits of what you are doing now, and the other is where you work year by year with the expectation that someone will give you an extra bit of dosh at the end of the year so it does not really matter. It concerns me that current plans are short-term and go year by year. Unless we get this right fairly quickly, we are undermining longer term planning. What is the timescale? How quickly are you planning to move on this? We have a very narrow time frame to get transformation and reconfiguration right. The messages coming out

very clearly are about planning on a year-by-year basis.

[111] **Lesley Griffiths:** I disagree that that is contradictory. I wanted to get away from bailout straight away, and I think that I did. The brokerage was a completely new regime for them to get their heads around. Only four of the health boards had some of that fund and the other three came in on target. That is an achievement. In relation to reconfiguration, I know that some people think that reconfiguration is all about funding, but it is not. If I had all the funding in the world, we would still have to reconfigure. I am keen that we take this opportunity to modernise the NHS. It absolutely has to happen. It is about the quality and safety of our services. If we had all the money in the world, I would still be very keen to modernise the NHS. We are going through this process now. You know where we are with the consultation and the engagement. It is about making sure that those services are safe, are of a high quality and are sustainable. The additional funding that I secured last year, which amounts to £288 million on a three-year recurrent basis, has enabled health boards to have a more sustainable financial footing than they had before.

[112] **Mark Drakeford:** I have four Members who have not had a chance to initiate questions. I am keen that they should have that chance, so I will let people know the order. We will go to William, Elin, Mick and then Darren. We will make sure that everyone has a chance to question.

[113] **William Graham:** Minister, I welcome your Government's commitment to ensure funding for the All Wales Veterans Health and Wellbeing Service. In terms of prioritisation, could you describe to the committee how that priority is reflected in your core budget?

[114] **Lesley Griffiths:** The budget includes almost £0.5 million annually to continue our support for the All Wales Veterans Health and Wellbeing Service. That ensures that veterans have access to dedicated local mental health services through the provision of veteran therapists in each local health board. When you see 'Together for Mental Health', which I am launching next week, you will see that the needs of veterans are very much highlighted within it, as a group that requires special consideration. I mentioned before that it is a 10-year strategy, but there is a three-year delivery plan and there are a number of commitments specifically aimed at veterans. That will be part of the delivery and monitoring arrangements of the strategy.

[115] To help inform the work, the All Wales Veterans Health and Wellbeing Service has developed a minimum data set, and we are proposing to review the work of the service during the following year. I am also considering the recommendations in Healthcare Inspectorate Wales's report on veterans, which was published in May this year.

[116] **William Graham:** Could you enlarge on how you intend to monitor the outcomes?

[117] **Lesley Griffiths:** Monitoring of performance outcomes is a continual process and that is done on a monthly basis for veterans as well.

[118] **Elin Jones:** I want to ask you about reconfiguration plans and the affordability of reconfiguration planning by health boards. Have any concerns been raised with you by the chairs of health boards about the affordability of their reconfiguration plans? In some of the plans that are currently out for consultation, there is not a great deal of financial analysis on any savings or financial aspects to the plans. In fact, the national clinical forum letters suggest that some of the models could be more expensive to deliver. Marcus Longley, in his report on reconfiguration, said that lack of budget could be a barrier to some of the modernisation that you want to see, Minister. So, I want you to tell us—in general, not linked to any specific plans—whether you are confident that the kind of modernisation that you want to see in the health service is affordable. Subsequent to that, a lot of the plans talk about moving services

out of hospitals and into communities and homes. That has effects on social services and budgeting in that area. It strikes me that none of this is fully achievable until there is greater pooling of social services and health budgets—not on an invest-to-save, one-off basis, but on a mainstream basis.

[119] On capital allocations, you caused a bit of a stir in this committee last year, when you said that there was a moratorium on capital spending until reconfiguration plans were complete; you subsequently clarified that that was not the case. I want to understand the prioritisation of the capital allocation that you have here. You have a finite budget for next year, but there is a long list of plans published in your infrastructure plan. How do you prioritise the allocation of that capital budget?

[120] All health boards currently have general plans and very specific issues that they are consulting on formally. For their general planning of work, I am assuming that the business cases that they present to you are not on hold until their configuration plans are over. If your answer is ‘no’, then I would ask you to look at the Tregaron project in particular, just to squeeze that in.

11.30 a.m.

[121] **Lesley Griffiths:** On reconfiguration, as I have said, reconfiguration is not about money. However, there will be financial implications. One of the reasons I asked David to do this mid-year review was that I understand the concern about some of the reconfiguration plans. You specifically asked whether any of the health board chairs have raised this with me. The answer is ‘no’. None of the chairs have specifically raised that issue with me. However, we are only in the process of going through consultation and engagement, so it may be a bit early for chairs to raise that with me.

[122] On capital projects, I have a list of some of the projects that I have approved this financial year. These are spread right across Wales. At the moment, I have a capital programme worth about £250 million going forward. However, many capital projects have been approved. There are also 19 capital projects totalling £1.1 billion in the Wales infrastructure investment plan. So, it is absolutely business as usual. It could be that some local health boards will want us to hold back projects while they are going through reconfiguration. Obviously, I only get the plans when they come to me to be signed off.

[123] I had a feeling that you might ask me about Cylch Caron. The strategic outline case has now been submitted and the business case was submitted to me in June. You will be aware that the scheme in Tregaron is a new and very innovative model of care. It involves social services, housing and me as Minister for health. I wanted to ensure that everyone was fully involved in signing up to this. In the intervening period, Hywel Dda health board went out to consultation, and I felt that it would not be appropriate for me to approve a business case for this while the consultation was ongoing. The consultation finishes on 29 October, so I am mindful that, subject to a positive response from the public and stakeholders, I will need to progress the business case as a priority. I can confirm to you that we have made significant progress on the funding issue and there will be no delay once it comes to me for consideration.

[124] **Elin Jones:** I will come back to you on 30 October and ask you again, then. [*Laughter.*] Thank you for that, Minister. I will not pursue that any further here. However, do you really believe that the sort of aspirational plans that you and the health boards have for the integration of health and social services can be achieved without any real progress on the pooling of NHS and social services budgets?

[125] **Lesley Griffiths:** We do need to see greater integration of services and finances.

There has been a very significant shift in service provision to date. I think that we underestimate the scale of integration between health and social services. However, those changes were made within the resources available and we are going to have to see much more. If you are asking whether I am confident, the answer is ‘yes’. However, I go back to the point about the mid-year review. I need to know. Obviously, I have a small contingency budget within my department. That is only prudent. We need to look at that as well.

[126] **Elin Jones:** Does the Deputy Minister want to comment on the integration of budgets and the concern that local authorities may be raising with you about health board plans and shifting the emphasis, without any budget shifting, to local-authority-funded services as part of the reconfiguration plans?

[127] **Gwenda Thomas:** The national policy forum that I set up, which has been going for four years now, has membership from right across the sectors and across the political parties. This is an issue that has been considered regularly and effectively in the development of our current position with regard to the development of the Bill. At the moment, we are including wellbeing in the social services Bill—we do not yet know what its title will be. The scope of the Bill will extend beyond social services and can include health. That will give us a legislative base, if we need it, to look at integration. There are examples of great projects going on, and we have the recurrent £37 million, the investment that we have put into this over many years now, which has brought about excellent examples of integrated services. However, there is a need to recognise—we have heard of demographics and all of that—that we need to consider seriously how we effectively integrate services at the point of frailty. If that means a pooled budget and joint planning, then so be it.

[128] We also have examples of how legislation has worked with regard to bringing health and social services together: integrated family support services is one example, carers’ strategies are another. The clarity that the legislation has brought has been welcomed by front-line workers. We have also set up two pioneers on dementia to take the principle of team around the family to dementia and to look at the needs of the service user, the carers and other members of the family in that situation. I think that we can learn a lot out of the team around the family with regard to children’s services. All this is included in the possibilities of the Bill and can be taken forward in that way.

[129] Another point of interest for William Graham, perhaps, if you will forgive me, with regard to ex-servicepeople is that we are considering a disregard of—I am not quite sure what it is called, but for ex-servicepeople there is now a lump sum and also a pension payment, and we are looking to bring in a scheme to disregard the regular payments when assessing people’s financial ability to meet the cost where they are receiving social services.

[130] **Mark Drakeford:** I have two brief supplementary points in relation to the questions that we have just been pursuing, from Kirsty and Vaughan.

[131] **Kirsty Williams:** In arriving at your decisions about how much we need to spend on capital in the next financial year and indicative spending for 2014-15, what data have you used to satisfy yourself that that allocation is enough to meet the capital requirements of a reconfigured NHS?

[132] **Mr Brace:** The capital programme runs a lot longer than 12 months. Broadly, we are running it over five years, and there are already a lot of developments in the system. The process that we follow is the five-case model, but the starting point for that is always a strategic outline case, where the Minister will check that this fits the strategic direction, not just of the health board, but of NHS Wales in general. So, at the moment, we have a number of schemes in progress. There are a number of schemes that the health boards will be pausing while they are out to consultation, and when they come in the Minister will then re-evaluate

the capital—

[133] **Kirsty Williams:** I understand how the process works and I understand that you have bids in at the moment, but you have figures here for 2013-14 and 2014-15, so those are not about the bids that are currently in. You have made an assumption that that amount of money will cover you for everything that you will have to build to meet the reconfiguration plans. The south Wales plan is based on the premise of building a brand-new hospital, and I want to know what information you have used to say that this figure will be enough to build everything that we need to build to meet your reconfiguration. So, I understand that it is an ongoing process, but I am trying to understand what data you used to say 'This is the figure that we need in our budget'.

[134] **Ms Sissling:** It is an important question. To an extent, it applies more to five years out—the next year is—

[135] **Kirsty Williams:** We will not change that quickly; I understand that.

[136] **Mr Sissling:** It is determined by the approved schemes and turning plans into builders and contractors on site. So, next year is based on an assessment that was made some years ago. The issue now will be to make sure that it is not just reconfiguration, because a lot of developments happen beyond reconfiguration, which is important to recognise. At any point in time, testing the amount of money against our aspirations and ambitions and making sure that what we are doing meets the absolute— There are some things that you have to replace, some things are not strategic, but if we do not do them we will run into problems with health and safety et cetera. That is one of the tests, namely that they are absolutely essential. There are other things that are in line with the service plans, and have to be driven by service plans rather than capital plans, as capital has to serve the service and the patient. We are therefore now extending the planning time frame to three years and, in some cases, five years, and, at any point, we are making sure that the distribution of capital expenditure is one that allows the service to become sustainable. I am sure that you will be reassured to hear that equal rigour is applied to workforce planning, because it is equally important that we have the staff to work in the building. We are trying to knit these things together in an integrated planning process for services, workforce, IT and capital, so that you have a plan that can describe a service that is evolving in a way that is sensitive to financial constraints and, as much as anything, has the ambition to drive up quality.

[137] **Kirsty Williams:** So, the amount of capital for 2013-14 and 2014-15, which is actually going down, is a sufficient amount of money to do everything that you will need to do.

[138] **Mr Sissling:** It is sufficient at the moment to allow us to take the service forward in the way that we want. In the next 12 months, as we come through the conclusion of the reconfiguration process, there might just be a need to pause, reflect and refine, but, at the moment, we have tested it and found that it is a plan that is affordable and in line with the service strategies.

[139] **Vaughan Gething:** Going back to the Deputy Minister, I know that there are points about shared budgets and achieving greater outcomes between different service areas, but I am interested in whether you really think that collaboration is taking place on the ground to meet your policy priorities of wanting greater collaboration and whether that is happening quickly enough, or whether you will need greater financial incentives. You mentioned earlier the £10 million collaboration fund announced by the Minister for local government; do you think that that will be a necessary part of achieving greater shared outcomes and work between, not only social services, health and local government, but the different local government organisations, to meet your policy priorities?

[140] **Gwenda Thomas:** Going back to sustainable social services and the local government's response to that, it is to the credit of local government that all 22 of the individual local authorities filtered their response through the WLGA. So, we have one response from 22 local authorities, and that indicates a commitment to the realisation that we have to move to working more collaboratively. Sustainable social services are underpinned by the six footprints, and the response of local government shows a commitment to that approach. I have indications of joint working happening—I do not think that it is happening quickly enough, so we need to encourage that.

[141] I mentioned some figures earlier on in answer to somebody's question on investment and the social services Bill. Another source of funding is through the Children, Schools and Families Act 2010. That attracted £4.5 million in recurrent funding to local authorities, but, because of the social services Bill, we do not intend to commence a significant part of that Act. So, we need to look at realigning that money and using it to encourage collaboration.

[142] In fairness to local government, there is a realisation that this has to happen. We cannot continue to do things 22 times; that has been said quite clearly, and we are seeing the effective development of thinking in Blaenau Gwent and Caerphilly, for example, with regard to a shared service, and in Powys and Ceredigion with regard to a shared director of social services. It is patchy at the moment, however, and I think that the social services Bill will allow us the legislative base to look at this and to bring everybody with us in the development of that Bill. However, I do think that the Bill is the major underpinning tool that we have, and, working collaboratively across parties and sectors, with the input of the WLGA and the Association of Directors of Adult Social Services, is encouraging.

11.45 a.m.

[143] **Darren Millar:** Minister, in your opening remarks, you said that the NHS settlement was challenging. That was not an understatement, because we all know that this is the toughest NHS settlement in the whole of the United Kingdom; in fact, it is the biggest real-terms cut that we have seen in one year in the history of the NHS, so you certainly did not under-egg the pudding when you said that. However, we also know that the NHS is facing significant reorganisation, quite rightly, as some services need to be reorganised. Health boards have told us that, in some cases, they will have to run new services concurrently with existing services in order to ensure that there is continuity of service for people and that service quality is not impacted. Doing that obviously means that there will be two sets of costs, and there may be an increase in costs in real terms. Incidentally, you said that reorganisation is not about money, but, to be fair, at least the health boards in north and west Wales are saying that financial issues are a driver for some of the changes that they are making. So, I would take issue with that point. However, given that a number of services will have to be run concurrently, what short-term funding might you make available to those health boards that need access to extra cash in order to deliver on the reorganisation task that you have set them from the centre?

[144] **Lesley Griffiths:** I said in my opening remarks that we have protected the NHS budget and we are still spending 43%, and I said that it was challenging. If you want to compare us to other countries, okay, let us compare ourselves to England. The UK Government has said that it is committed to protecting real-terms spending on health in England, but we know that, if you took out social care, which it does not include in its health budget, but which we do, the funding for the NHS falls by £500 million in real terms, so let us not compare apples with pears.

[145] I did not say that it is not about cost; I said that it is not just about finance. If I had all of the money in the world, or if I had 100% of the Welsh Government's budget, I would still

think that we need service reconfiguration, as you have just said yourself.

[146] I mentioned that I have a very small contingency fund within my budget, and I thought that it was very important to have that. You are quite right to say that, if we are going to have the change from secondary to primary care, there are many issues to address. It is not just about moving the services, but about training and making sure that the buildings are in place. So, as we go through the service reconfiguration, if LHB chief executives raise this with officials, then it is something that we can look at.

[147] **Darren Millar:** You have mentioned this contingency fund a couple of times; how big is that fund?

[148] **Lesley Griffiths:** It is about 0.5% of the budget.

[149] **Darren Millar:** What is that in millions of pounds?

[150] **Lesley Griffiths:** It is about £50 million.

[151] **Darren Millar:** About £50 million; so, it is a pretty substantial sum of money. Is that also the contingency fund that might be required for brokerage this year?

[152] **Lesley Griffiths:** Yes. Well, the brokerage came from the following years.

[153] **Darren Millar:** You indicated that there are a number of health boards that may tell you that they require some brokerage.

[154] **Mr Sissling:** No health board would want brokerage, because it is not a good place to be, as the requirements to repay start the following year and there is therefore a bit of a hole to fill before you can move on. So, there is no attraction in brokerage. We want to ensure that there is the correct level of rigour year on year, through the years, into subsequent years. So, it is much better to use any financial flexibility and headroom to allow the future to come in today, in the way that was described in the question. That is, we recognise the need for some bridging or transitional finance. It is almost an invest-to-save within our own systems, rather than seeing, at the end of the year, a hole that needs to be filled. That is why we are looking at the mid-year position to see whether there is a need to introduce different arrangements. So, it is not about brokerage in the way in which I interpreted your question.

[155] **Darren Millar:** Okay, but you have £50 million sat in the bank to be able to support the development of some of the services that may need a little bit of extra investment, given that they might need to be run concurrently, or may need a little bit of investment upfront in order to get them going. When I said that it was the toughest settlement in the UK, Minister, I am not the only one saying that; it has been said by every independent organisation that looks at NHS finances, including the King's Fund, the auditor general, the National Audit Office, and even the Royal College of Nursing is on board with our calls for more investment in the Welsh NHS in the future. I would like to check on a couple of individual points within the figures that we have. I noticed a significant reduction in the education and training line of over 5% in real terms. One of the issues raised over the past 12 months is about the sustainability of services because of the unavailability of specialists to recruit into them—sometimes nurse specialists and sometimes other clinicians and consultants. What impact will that reduction have on the NHS's ability to meet its workforce planning requirements?

[156] **Lesley Griffiths:** The NHS workforce action is actually receiving a small increase. The annual spend on the education and training of future and current staff comes from a variety of sources, as you can imagine. We fund pre-registration professional education, the Wales Deanery, undergraduate academic education, student support bursaries and service

increments for teaching in individual NHS organisations. We have a strategic education and development group that advises us on current and future learning. It is very important that we get workforce development right, and it is something that we have been working on with officials to make sure that we get those figures right. The group is informed by a range of information, including projections developed through workforce planning activity and quality measures.

[157] Sorry, what did you ask about recruitment?

[158] **Darren Millar:** I am asking whether that has an impact on the ability of the workforce to meet the demands of the NHS in the future. I am sorry; I was looking at the figures for 2014-15, which are part of the budget, rather than the figures for the next year. However, we know that one thing that could make Wales an attractive place to come to work in the NHS is the ability to progress your career through education and training. Every predecessor committee to this and every Government has acknowledged that workforce planning in the NHS has not been as great as it could have been; I think we all accept that. To what extent does that impair your ability to carry out workforce planning more effectively in the future to get it right?

[159] **Lesley Griffiths:** You are absolutely right, and it is something that has concerned me. We have the National Leadership and Innovation Agency for Healthcare, and I will ask David to say a bit more. I am restructuring the department in relation to workforce development, because it is very important that we have the most robust and correct information. I will bring David and Alan in on this.

[160] **Mark Drakeford:** I am conscious of the clock. We have come to the last five minutes, and I also have a couple of Members that want to come in with questions. We will save the explanation of the changes that you are making, which the committee will be interested in, but which is perhaps not directly about the budget, for a moment. Thank you for your answer to that. Elin wants to ask a question on this specific point, and then I will come back to Darren.

[161] **Elin Jones:** Your paper says that there is a transfer of £2.1 million to the education and skills main expenditure group in respect of payments to Cardiff University to support medical and dental training. What is the strategic reasoning behind the transfer of that funding? Is it that you are transferring responsibility for the planning of medical and dental training in Wales to the Minister for education?

[162] **Mr Brace:** For the sake of accuracy, we are not reducing this spend, but there are a number of adjustments in the MEG. There is also £2 million going out of the MEG to support medical education and training through the creation of the undergraduate training programme in Swansea University. This is support that we are giving for the financial consequences of that development.

[163] **Elin Jones:** So, that is new funding. It was not funded previously from your budget; it is a transfer to the education budget.

[164] **Mr Brace:** This was within our budget, but, because of the creation of the additional training in Swansea, this is the contribution from our MEG to that development.

[165] **Elin Jones:** Would the responsibility previously have been yours on this work?

[166] **Mr Brace:** Previously, there was no undergraduate training in Swansea, so this was a development that we promoted to create another medical school in Swansea.

[167] **Darren Millar:** I have a couple of questions on social services. We have already heard about the changing demographic in Wales and that there will be many more people over the age of 65 in the future and, as a consequence, more people over the age of 60. I have noticed that there is no significant increase for the Commissioner for Older People in Wales's line in the budget; in fact, there is a pretty significant real-terms decrease. Given that the older people's commissioner is someone who the public is becoming more familiar with, it is likely that there will be an increase in demand for her services and in people calling on her support. So, how do you reconcile the fact that we will have many more older people calling on the services of the older people's commissioner with cutting that particular line in that budget?

[168] **Gwenda Thomas:** If you think back to a year ago, we were asking all sectors and departments to look at a 3% saving. We have talked about the care council already, and the intention last year was to ask the older people's commissioner to take that 3% cut at that point. However, again, the committee had reservations about that, as did the previous commissioner. We took that on board because she was raising quite serious issues about her ability to meet statutory obligations. So, we reduced that reduction to 1% rather than 3%. That resulted in a saving; it did reduce the budget. This year, it is still just the 1% reduction that we are looking for. I have met the older people's commissioner and she has already agreed to submit plans for the 2013-14 budget based on the figures that I have now explained to you. I am convinced that she can deliver. So, it is a net decrease of £32,000 for both years. Of course, that will be reinvested in the social services MEG in order to meet what we are doing in social services with the transformation.

[169] **Darren Millar:** It is a 6.6% decrease in real terms over the two years. In the event that there is a demonstrable increase in demand for services, would you be prepared to review that line, and make any extra resources available that you might have in your little contingency fund, if you have one? Do you have one?

[170] **Gwenda Thomas:** I have made it absolutely clear that we do not have any new money here. We know about the £34 million—I will not go over that again. Of course, we meet with the children's commissioner and the older people's commissioner and the care council. They develop their work plans and we have accountability meetings. It would be disingenuous to say that there is more money there just for the asking.

[171] **Darren Millar:** Finally, does the social services Bill present an opportunity to change the legislative arrangements for coming in on target year in, year out for the NHS? Given that it may impact on the NHS, is there no way that you could use that as a tool to achieve the flexibility that we want to achieve?

[172] **Mr Sissling:** We have not looked at it, but my initial reaction would be that it would not. That is not based on us having reviewed it; it is just a first-order response. Those are two different areas, and to introduce constitutional and financial statutory aspects of the NHS into the social services and wellbeing Bill does not feel right.

[173] **Darren Millar:** It will have some impact on the NHS, as we alluded to earlier. It was just a thought.

[174] **Mark Drakeford:** A thought to leave you with. Thank you to everyone who has come to help us this morning.

[175] Diolch hefyd i aelodau'r pwyllgor am eu cwestiynau.

Thank you also to committee members for their questions.

11.59 a.m.

Papurau i'w Nodi
Papers to Note

[176] **Mark Drakeford:** Dim ond un papur sydd i'w nodi, sef llythyr gan y Gweinidog Cyllid ac Arweinydd y Tŷ ar fangreoedd di-fwg.

Mark Drakeford: There is only one paper to note, namely a letter from the Minister for Finance and Leader of the House on smoke-free premises.

[177] As I said last week, I had a meeting yesterday with Nick Ramsay, as Chair of our parallel committee. We think that we have a plan for how we might be able to jointly go about doing the job that we are now being asked to do in this letter. We will put that plan into a letter in reply to the Minister and we will circulate it to everyone by the end of the day.

Cynnig dan Reol Sefydlog Rhif 17.42(vi) i Benderfynu Atal y Cyhoedd o'r Cyfarfod
Motion under Standing Order No. 17.42(vi) to Resolve to Exclude the Public from the Meeting

[178] **Mark Drakeford:** Cynigiaf

yn unol â Rheol Sefydlog Rhif 17.42(vi) fod y pwyllgor yn penderfynu cwrdd yn breifat ar gyfer gweddill y cyfarfod.

Mark Drakeford: I move that

the committee resolves to meet in private for the remainder of the meeting in accordance with Standing Order No. 17.42(vi).

[179] A yw'r Aelodau i gyd yn fodlon? Gwelaf eich bod.

Are all Members content with that? I see that you are.

Derbyniwyd y cynnig.
Motion agreed.

Daeth rhan gyhoeddus y cyfarfod i ben am 12.00 p.m.
The public part of the meeting ended at 12.00 p.m.