Cynulliad Cenedlaethol Cymru
The National Assembly for Wales

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

Dydd Mercher, 20 Hydref 2011
Wednesday, 20 October 2011

Cynnwys
Contents

In addition, an English translation of Welsh speeches 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
Lynne Neagle	Llafur Labour
Lindsay Whittle	Plaid Cymru The Party of Wales
Kirsty Williams	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats

Eraill yn bresennol
Others in attendance

Lesley Griffiths	Aelod Cynulliad, Llafur (y Gweinidog Iechyd a Gwasanaethau Cymdeithasol) Assembly Member, Labour (Minister for Health and Social Services)
Chris Hurst	Cyfarwyddwr Adnoddau, NHS Cymru Director of Resources, GIG Cymru
Steve Milsom	Dirprwy Gyfarwyddwr yr Is-Adran Gwasanaethau Cymdeithasol Oedolion Deputy Director, Adult Social Services Division
David Sissling	Cyfarwyddwr Cyffredinol, yr Adran Iechyd, Gwasanaethau Cymdeithasol a Phlant Director General, Department of Health, Social Services and Children
Gwenda Thomas	Aelod Cynulliad, Llafur (y Dirprwy Weinidog Plant a Gwasanaethau Cymdeithasol) Assembly Member, Labour (Deputy Minister for Children and Social Services)

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

Steve Boyce	Ymchwilydd Researcher
Llinos Dafydd	Clerc Clerk
Catherine Hunt	Dirprwy Glerc Deputy Clerk
Victoria Paris	Ymchwilydd Researcher

Naomi Stocks Clerc
Clerk

Dechreuodd rhan gyhoeddus y cyfarfod am 9.45 a.m.
The public part of the meeting began at 9.45 a.m.

Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introduction, Apologies and Substitutions

[1] **Mark Drakeford:** Croeso i aelodau'r Pwyllgor Iechyd a Gofal Cymdeithasol. Yr ydym mewn sesiwn gyhoeddus yn awr, felly cofiwch y bydd y microffonau yn dod ymlaen pan fyddwch yn siarad. Bûm mewn cyfarfod ddoe lle'r oedd ffôn symudol yn canu byth a hefyd, felly trowch eich ffonau symudol i ffwrdd cyn inni ddechrau, os gwelwch yn dda. Diolch yn fawr.

Mark Drakeford: I welcome the members of the Health and Social Care Committee. We are now in public session, so please remember that the microphones will automatically come on when you speak. I was in a meeting yesterday and a mobile phone was constantly ringing, so please switch your mobile phones off before we start. Thank you.

9.46 a.m.

Ymchwiliad i Ofal Preswyl ar Gyfer Pobl Hŷn—Cytuno ar y Cylch Gorchwyl
Inquiry into Residential Care for Older People—Agreement of Terms of Reference

[2] **Mark Drakeford:** The good news is that, having decided a couple of weeks ago that we would offer two weeks for organisations to comment on the terms of reference, 30 different organisations have taken part. So, your decision to offer that time resulted in a genuinely positive exercise. You will have seen copies of the responses that have come back. Having read them, my conclusion was that, by and large, people want us to draw to the surface the issues that were already there in the wording of what we had agreed in the draft consultation. However, given the fact that people have taken the trouble to respond to us, we ought to at least consider some changes to the current terms of reference.

[3] If it is acceptable to you, I will make a few suggestions, which can then be circulated to you all on paper after the meeting. If you are broadly content with that way forward, we would then be able to issue the call for written evidence on Monday of next week and have a clean eight-week consultation period to gather evidence, which would end before Christmas. However, if you find that this more complicated, we could came back and look at it all again after half term. It is up to Members to decide. The downside of waiting until after half term is that we then end up with an eight-week consultation period that is broken by the Christmas break. I will now tell you where I think we ought to make some relatively minor changes to the terms of reference. These suggestions will then be circulated to you after the meeting, but I hope that you will be able to tell me now whether you think that they are consistent enough with what we have already discussed to allow us to go ahead in that way, or whether you would prefer to have more time, and come back to this after half term.

[4] The first term of reference that we sent out to people for consultation was

[5] 'the process by which older people enter residential care and the availability and accessibility of alternative services'.

[6] A number of organisations have called for us to add reablement services and domiciliary care to that. My view is that 'accessibility of alternative services' gives us the

scope to look at reablement services and domiciliary care anyway, but the call is to make that more explicit in the terms of reference. I do not think that that would change what we were going to do, but, if you are content, we could add those words to make it a bit clearer.

[7] The second term of reference refers to staffing resources with regard to the capacity of the residential care sector to meet the demand for services. Some organisations, particularly staff organisations, have asked us whether we would include the skills mix of staff and their access to training. We would undoubtedly have come across some of those issues under staff resources, but it just makes those aspects of staffing explicit in our terms of reference.

[8] Finally, the additions that we are being asked to make to the last one would mean that, to the balance of public and independent sector provision and alternative funding, we add management and ownership models such as those offered by the co-operative, mutual and third sectors, and registered social landlords. You will have all of this to look at after today's meeting.

[9] The other thing that I will ask the secretariat to do, so that we can let people who have replied to us know, is to make sure that you all have a brief aide memoire that summarises the key issues that respondents have asked us to take into account. All of the other things are to be found in the terms of reference, but they are things that people want to make sure that we do not neglect when we are pursuing the inquiry.

[10] I will pause to let you have a think about that. The key question in terms of moving this forward is whether you are happy to receive those things later today on paper before letting me know whether you are happy on that basis for us to go to a formal call for evidence and consultation on Monday. If you are not, and you want to discuss it further, there is no difficulty with that other than the timetabling difficulty that I mentioned a moment ago.

[11] **Mick Antoniw:** We want to make progress as quickly as possible. My only comment on the drafting is that, if we refer to the accessibility of alternative services and reablement and domiciliary services, it should include community services, as they are part of that package.

[12] **Kirsty Williams:** I am very happy with the course of action that you propose, namely to send them out this afternoon. Your summary is comprehensive and reflects the consultation exercise. It would preferable to start this consultation on Monday rather than risk further delay.

[13] **Mark Drakeford:** Thank you; that is very helpful. I see that everyone is content with that. That gives us a cleaner consultation period, so that people know that they have from now until Christmas to get their responses in.

[14] One further thing, as it came out in a few of the responses, is that we were asked whether this inquiry intends to cover nursing care as well as residential care. My intended reply to that is that this is an exercise about residential care. Residential care has border zones between people who are being looked after in their own homes and what services could be provided to allow them to continue to do that for longer. There is a border zone between residential care and people who need nursing home care. So, we will inevitably look at those border zones, but our focus is on residential care, otherwise we will end up in the position that we talked about when we first looked at this, namely that the inquiry could have almost no boundaries, and we could be forever drawn into different highways and byways on it. So, if you are content with that, that is what I will do. I see that you are.

[15] Thinking ahead to after Christmas, the secretariat will try to schedule the way in which we look at these issues, so that we have a coherent plan of how to look at the different

component parts of the inquiry. There will be a paper for us to share which we can knock about and decide if we are happy with it. However, given the breadth of what we are going to do, it is important that we have a plan with which we are all happy as to how we will try to explore the different bits that fall under the remit that we have broadly agreed. I see that we are all agreed on that. Excellent; diolch yn fawr.

[16] Just before the Ministers arrive, I will say two things for people who were not here when I went over it earlier. In terms of the session structure, we have an hour and a half with both Ministers. I have in mind that we will have 50 minutes to ask questions of the Minister for Health and Social Services and 40 minutes to ask questions of the Deputy Minister for Children and Social Services in relation to social services. That is notional. We will see how that pans out. My main anxiety is to ensure that we do not squeeze social services matters out of our scrutiny. That is a bit of a danger sometimes. I thought that I would do the questions slightly differently to the way we have been doing them in the two inquiries. I am sure that every Member will want to ask a question of both Ministers. If you are happy to try to do it, I will ask Members if they will ask one question and one follow-up question, and then I will probably just go back and forth across the room to try to ensure that everyone has a chance to pursue the point that they want to raise with either Minister. I know that it is a bit difficult, because people will have lots of things they want to ask, but, as you know, we have a fixed amount of time and if one person gets a large chunk of the cherry, some people might not get any at all.

[17] Members will know that, at 11.30 a.m., when we have heard from the Ministers, there will be half an hour for Members to discuss the key points that we want to convey from our scrutiny of the health and social services portfolios to the Finance Committee, which meets at the end of next week and which is dealing with the overall scrutiny of the budget. We have a very limited period of time in which to agree our key points. So, we have half an hour in which we can try to be of some help to the people who will do the draft for us. I will explain the timetable for that when we get to that point. So, bear that in mind if you can.

9.57 a.m.

Cyllideb Ddrafft 2012-13: Craffu ar y Gweinidog Iechyd a Gwasanaethau Cymdeithasol a'r Dirprwy Weinidog Plant a Gwasanaethau Cymdeithasol
Draft Budget 2012-13: Scrutiny of the Minister for Health and Social Services and the Deputy Minister for Children and Social Services

[18] **Mark Drakeford:** Bore da a chroeso, Lesley Griffiths, y Gweinidog Iechyd a Gwasanaethau Cymdeithasol, a Gwenda Thomas, y Dirprwy Weinidog Plant a Gwasanaethau Cymdeithasol. Croeso hefyd i David Sissling, am y tro cyntaf, yr wyf yn meddwl, i'r pwyllgor hwn. David yw cyfarwyddwr cyffredinol yr Adran Iechyd, Gwasanaethau Cymdeithasol a Phlant. Mae Chris Hurst hefyd yma am y tro cyntaf; Chris yw cyfarwyddwr adnoddau NHS Cymru. Croeso hefyd i Steve Milsom, dirprwy gyfarwyddwr polisi gwasanaethau cymdeithasol oedolion Llywodraeth Cymru—teitl hir a phwysig, Steve. Lesley, byddwn yn dechrau gyda chi. Byddwn yn ceisio sicrhau bod gennym 50 munud i holi

Mark Drakeford: Good morning and welcome, Lesley Griffiths, the Minister for Health and Social Services, and Gwenda Thomas, the Deputy Minister for Children and Social Services. I also welcome David Sissling, I think for the first time, to our committee. David is the director general of the Department of Health, Social Services and Children. Christ Hurst, who is also here for the first time, is the director of resources for NHS Cymru. I also welcome Steve Milsom, the deputy director of adult social services policy for the Welsh Government—that is a long and important title, Steve. I welcome you all. Lesley, we will start with you. We will try to ensure that we have 50 minutes for questions with you and, after

cwestiynau i chi ac, ar ôl hynny, byddwn yn troi at Gwenda am y 40 munud olaf. Cawn weld sut y bydd pethau'n mynd, ond byddwn yn ceisio gwneud hynny.

that, we will go to Gwenda for the remaining 40 minutes of the session. We will see how things turn out, but we will try to do it like that.

[19] We will start with a question from Lynne.

[20] **Lynne Neagle:** Good morning, Ministers. I want to ask about the orthopaedic funding that you have highlighted in the budget. You mentioned the extra £15.3 million and the follow-on in subsequent years. Personally, I was very relieved that that money was announced, because of the pressures that we were starting to see emerge in Gwent. Can you say a bit more about how you have planned that amount of money? How confident are you that that is going to be sufficient to meet the pressures that we are starting to see in orthopaedic waiting times?

[21] **Lesley Griffiths:** Based on the plans that we have received, I expect the funding to be sufficient to bring orthopaedic waiting times down in line with the Welsh Government's targets. Orthopaedic services are a very good example of an area where we have to change the way we do things. We have seen this huge rise in demand, and we know that it is happening because of the ageing population and so on. So this money was put in. It was a decisive action taken by my predecessor to ensure that this extra money went in. If you look at the graph of the referrals, you will see that it has now peaked. You can see that, where we have put in the extra money, the numbers are coming down. I have made it very clear to the chairs of all the local health boards that I expect that, by the end of March next year, nobody will be waiting longer than 36 weeks, except for major spinal treatment. I have also made it clear that, by March 2013, nobody will be waiting for longer than 26 weeks. So, it has not just been about getting those waiting lists down through waiting list initiatives; it is about building capacity. It shows how, if you take decisive action and make services available 24/7—people have been working really hard on this—you will see the results that you want to see.

10.00 a.m.

[22] **Lynne Neagle:** That is very welcome, thank you. You said that the money has been allocated on the basis of plans submitted by the LHBs. Can you confirm that that means that the money will go to the places where the need is greatest and that it will not just be allocated generally throughout Wales?

[23] **Lesley Griffiths:** No, each LHB submitted its plan and the money was directed to where we believed it was most needed.

[24] **Mark Drakeford:** I promise all Members that they will have a chance to ask a question to the Minister and the Deputy Minister. So, I am going to go back and forth across the table and ensure that everyone has their turn. Kirsty, I will come to you next.

[25] **Kirsty Williams:** Good morning, Minister. As we are all aware, we are seeing unprecedented pressures on the health budget this year, and there were some pretty stark warnings from the Wales Audit Office last week about the ability of the NHS to deliver on savings and to manage within the budget that it has been given. How confident are you that the NHS is in a position to deliver on the efficiency savings being demanded of it this year? What practical steps and actions do you see LHBs taking to bring their costs down in line with the budget allocation that you have given them? What does it mean in service terms to deliver those efficiencies? Where can those efficiencies be made?

[26] **Lesley Griffiths:** The fact that we have given all the LHBs additional money makes the accountability much more obvious. I am new to the post, but in previous years we have

always given them the money towards the end of the financial year. By doing it earlier, we are expecting them to deliver. I have made it clear that they have to deliver. We have given them this additional funding and, obviously, the service change plans are coming through, and this is the reason we cannot do things the same way. I welcome the auditor general's comments, because I think that they support what we are doing. In some ways, it was tempting, as a new Minister, to keep that money back and say, 'We'll help you out towards the end of the year', but by doing it earlier, we are ensuring that they are accountable for delivery.

[27] **Kirsty Williams:** I welcome the fact that the money has come earlier this year, rather than bailing out the LHBs at the end of the year, which is what has happened in years gone by, namely that we allowed the deficits to build up and then the Government has simply put money in. However, it is clear to me that, this time, there is additional pressure from your colleagues around the Cabinet table that health should not continue to have those kinds of bail-outs and that the service will have to manage within its budget. However, even with the additional money that you have put forward, when you take into consideration the unavoidable additional cost pressures within the NHS and the fact that NHS inflation is running much higher than regular inflation, the projections are that the LHBs will come out in deficit. You did not answer the question of what you expect to see happen on the ground and what kind of service changes and practical ways of making those efficiencies you see happening. You did not answer that question. What do you expect to see happening on the ground to bring those LHBs in on budget?

[28] **Lesley Griffiths:** If I may speak about the Cabinet first, as you mentioned Cabinet colleagues, they recognise the pressures on the health service; that is why I got the additional funding. Cabinet colleagues supported me on that. If you are talking about winter pressures, obviously, there are potential scenarios, and they have to be taken into account. However, Cabinet colleagues recognise that completely.

[29] What am I doing to ensure that LHBs deliver? It is not about reductions of services. They have the funding in place now to deliver the services, and that is where the accountability is. If they do not, then steps will have to be taken and we will have to bring in sanctions. They are going to deliver.

[30] **Vaughan Gething:** Even in good times, when there have been rising budgets, the NHS does not have a great record of living within its means, and in particular, loans go over from one year to another so that not everything is up front on the books. It is a real concern. I am therefore interested in how you expect to hold LHBs accountable. You have been clear that you expect them to deliver and to live within their means, but how will you deliver that accountability? At what point in the year will you be looking to say whether they are or are not living within their means, and will you bring that back to us, in committee or in the Chamber? How will you demonstrate that the LHBs are being held to account for doing their job, namely delivering the practical service on the ground?

[31] **Lesley Griffiths:** You mentioned their having loans year on year, and this is why we are changing the way that they are funded, giving them the money earlier in the year. Officials constantly monitor LHBs and their finances. David meets with the chief executives monthly, I meet with the chairs monthly, and Chris monitors the financial plans. It is all about outcomes, not chasing money—it is about clinicians making sure that they have the clinical outcomes that they want, and that is how we hold them to account. It is about service provision and ensuring that the targets that we set as a Government are reached. That is how we hold them to account. If they do not reach them, as I said, there will be sanctions. We will look at that very closely. However, the message has gone very clearly to them that with this extra funding, there is the accountability that maybe was not there before, and it is absolutely essential that they deliver.

[32] **Vaughan Gething:** I do not quite understand what you mean by 'sanctions'. What would those be in practical terms? None of us would want to get to the end of the year and have health boards say, 'Actually, we have overspent, and we have a debt. What do you want to do about it?' That would not be helpful for any of us. The NHS Confederation says that it has to do things differently to deliver within budget. I am interested in what the sanctions mean from the Government's point of view if local health boards are not delivering within budget on the plans that have been set for them.

[33] **Lesley Griffiths:** I should say that I am confident that they will deliver. The additional funding that we have given them enables them to deliver. They are looking at service changes. We cannot have everything everywhere, and we recognise that. It is up to the LHBs to ensure that the money that they have corresponds to the services they provide. As for sanctions, we would look at the boards, and we would remove boards if necessary, and run them ourselves. However, that is not what we want to do. I am confident that they will deliver. However, if there are difficulties with waiting times, for instance—as there are with orthopaedics—decisive action will be taken, and they will be held accountable.

[34] **Lindsay Whittle:** You have taken a courageous decision to give this money up front. I applaud it. I think that it is good, but I hope that it does not go pear-shaped. I look forward to having regular updates at this committee, if not from yourself, then from the health boards. I am not saying that I do not trust you as a Minister to scrutinise them—your message is sounding tougher as this meeting progresses, and that is a good thing for the public.

[35] My question is more about healthcare for the over-50s—I declare an interest—and prevention, because that is extremely important. I appreciate that the more money you put in to prevention, the less you have to spend at the critical stage, when people are really ill. However, prevention is, as the old adage goes, better than cure. During the recess, we heard a lot from many organisations that told us that they need extra money to be put into prevention. What can you do for that aspect of healthcare?

[36] **Lesley Griffiths:** Do you mean the over-50s?

[37] **Lindsay Whittle:** Yes; screening for the over-50s for many conditions, and prevention. I could list a number of organisations that say, 'If only we had an extra nurse for each health board, we could save money in the long term'. It is a long-term goal, but I think that it would be wise. I have read the figures, and something like 2.9 per cent of the budget goes on prevention. It seems very low.

[38] **Lesley Griffiths:** You are right that prevention is vital and has a knock-on effect, and savings are made because of preventative measures that you take. For instance, we have put £100 million into preventative services within the Deputy Minister's portfolio—think of Flying Start, Families First and the integrated family support services. Obviously, there is a health element there—it is not just about social services or social care.

[39] In relation to checks on the over-50s, we are committed to developing a much more preventative approach in healthcare, and that is why we have said that we will be introducing the programme of annual health checks for people aged over 50. Many of our programmes are about preventative healthcare. You need only to have read the chief medical officer's report, which we debated in Plenary last week, to see that we have a lot of programmes where we are encouraging people to have a much healthier lifestyle—there are our programmes in relation to alcohol and drug misuse and obesity, for example. You are quite right, that is where we need to ensure that preventative measures are part of people's lifestyles are really promoted.

[40] **Lindsay Whittle:** It does need more money, though.

[41] **Lesley Griffiths:** I have a budget and I have to live within that budget, as do LHBs. We have had a massive reduction in our budget from the UK Government, and I can only use what I have. However, I think that there is a good news story about our budget. I think that we are making the best of what we have. That is all I can do.

[42] **Mark Drakeford:** Lindsay, were you asking specifically about the health checks for over-50s?

[43] **Lindsay Whittle:** Yes.

[44] **Mark Drakeford:** I do not think that you quite picked that up, Minister. You were talking generally about it, but I think that the Member asked you a specific question about the Government's commitment to the over-50s.

[45] **Lesley Griffiths:** Do you want me to expand on the over-50s?

[46] **Lindsay Whittle:** Yes please, because I have so many friends who do not have health checks, as I do. My GP surgery must be good. I will not name them, but there are so many of my friends who have died. That is the tragedy.

[47] **Lesley Griffiths:** I should probably declare an interest as well. We have the strategy for older people—maybe Gwenda can say a bit more about that. In relation to the over-50s health checks, at the moment, I am exploring many possibilities for helping people to lead as healthy a life as possible, and the over-50s check is one way that we are looking at it. I met with a group of GPs a fortnight ago to discuss it. They think that it is the right age. I know that certain Members have had issues about it, but the evidence shows that 50 is the right age.

[48] Now is probably the time to say that I do not want to build up people's expectations. This will not be like a private insurance all-singing, all-dancing MOT. It cannot be. We need to focus on aspects of the health check to ensure that problems with blood pressure, cholesterol and so on are caught earlier—the things that GPs would mention to people if they could, because many people over the age of 50, as you mentioned, do not visit their GP very often. We must also remember that there are many people over 50 who have chronic conditions and who regularly visit their GP to have health checks. However, this policy is aimed at people who, like me, do not go to the GP very often. My GP has probably not seen me for a few years—they want to see those people. At the moment, I am talking to organisations such as the British Medical Association, the General Practitioners Committee Wales and Community Pharmacy Wales—I think that community pharmacies have a huge role to play in this. I do not know whether Gwenda wants to say something about the older people's strategy.

[49] **The Deputy Minister for Children and Social Services (Gwenda Thomas):** What the Minister has outlined complements the strategy. We have had a discussion on where in life the strategy should start, and the fundamental thinking behind it is that we needed to prepare people for older age, not just bring in a strategy for when people are older. That was the overwhelming argument for it. Of course, we are still funding the strategy. There will be a transfer of £1 million into the revenue support grant to support local authorities in 2012-13, and I hope that that will ensure that the co-ordinators within each local authority will be able to continue with their work.

10.15 a.m.

[50] **Rebecca Evans:** I recently met Hafal, the user and carer-led mental health organisation, which told me that service users and their carers really appreciate the long-established practice of ring-fencing mental health spending within local health boards.

However, the Wales Audit Office, in its report into adult mental health services in July, said that the arrangements for ring-fencing, while intended to protect mental health expenditure and facilitate investment in services,

[51] 'lacked clarity, cannot be easily monitored, and may not have been complied with.'

[52] Will you consider providing further guidance and improved instructions to local health boards to enable them to comply with their obligations?

[53] **Lesley Griffiths:** I have not heard anything to support that and I certainly have not heard any evidence that that is happening. I could ask David to look into that because that ring fencing is there for a purpose and I would be extremely disappointed if that were the case. David could look at that in detail and I could send a note to the committee.

[54] **Rebecca Evans:** I would appreciate that.

[55] **Mr Hurst:** I met the lead psychiatrists from across Wales about six to nine months ago. I picked up on anxieties regarding ring fencing—that although it is a useful tool, used in isolation it does not give assurances about the quality of services. We had a discussion about what the issues were and whether ring fencing worked well. The conclusions from that discussion were that ring fencing serves a purpose, but, as you indicated, we need to talk through with clinicians how greater focus can be given to outcomes, which is difficult in mental health. The Minister has mentioned that that is a central plank to everything that we are doing at the moment. Ring fencing is serving one purpose, but in isolation it cannot give a full assurance.

[56] **Lesley Griffiths:** There are advantages and disadvantages to ring fencing. If you set a ring fence at £1 million or £2 million, that is the minimum that should be spent on that service. At the moment, I am minded to carry on ring-fencing mental health services for the next year. That is an important point, but we need to look into that as a matter of urgency before deciding if we will do that in the next financial year.

[57] **Rebecca Evans:** Another issue that came out in the same field from the Auditor General's report was that,

[58] 'Some clinical leaders for mental health consider that local non-compliance with the requirement to retain mental health savings within the service is causing a perverse incentive. Rather than supporting the development of new models of community-based care, concerns that funds will be withdrawn from mental health if beds are closed may be resulting in the continuation of existing bed levels.'

[59] Will you agree to look at the arrangements for mental health expenditure, with a view to ensuring that there is greater transparency in financial reporting?

[60] **Lesley Griffiths:** I will get David to do some investigating on that and I will send a note to the committee.

[61] **Mark Drakeford:** That would be helpful. A number of us have had messages from mental health sector organisations echoing both these points. On the one hand, there is an anxiety that the ring fence tends to freeze services as they are and act against innovation and, on the other, an anxiety—and this is from people who support your policy of having a ring fence—that the ring fence will turn out to be a bit leaky, and that the money that you had intended to be contained within it is being funnelled elsewhere. Therefore, a note will be helpful.

[62] **Lesley Griffiths:** As I said, there are advantages and disadvantages to ring fencing so we will look at that.

[63] **Elin Jones:** On the £83 million that you have allocated for next year upfront to the local health boards, how was that sum reached? Last year, £162 million was required by the health boards within year, as part as their funding for deficit from the Welsh Government, and this year it has been forecast that that sum could be around £140 million. Therefore, did the local health boards ask for £83 million or is that the sum that is available to you? Is it a case of saying that that is what they are getting and it is tough if they need any more, or are there sanctions if they need any more? How will that £83 million be allocated? You have already said that £20 million is ring-fenced for Hywel Dda Local Health Board, so that leaves £63 million. Is the £63 million to be allocated to all local health boards and, if so, by using what formula? We know that Betsi Cadwaladr has not required non-recurrent deficit funding in previous years. Will it get any part of that £63 million? We know that Hywel Dda usually requires quite a bit more than £20 million. Will it get part of that £63 million? Could you explain that to us?

[64] You expect to see efficiency savings next year of £250 million. In your narrative for the budget, you state that, in the previous two years, significant improvements in performance and efficiencies have resulted in efficiency savings of over £250 million, but, in future years, this will be delivered by a service transformation. This is the first budget that I have seen that links efficiency savings, or cuts, in the health budget to service transformation. You said earlier in the session that efficiency savings will mean that we cannot have everything everywhere. Service transformation will mean different things in different places, but there is no doubt that, in some places, it will mean the reduction, downgrading and centralisation of services. Therefore, in this budget you are saying clearly that a lack of funding available to you, and to local health boards, is going to result in cuts to services.

[65] **Lesley Griffiths:** I will answer the second part, and let Chris answer the first part.

[66] **Mr Hurst:** We could probably treble the figure of £83 million if we were to ask the health boards how much money they would like. The amount of money they are to be given is based on our judgment of what is necessary to enable them to deliver on a sustainable basis. There is a judgment in that, inevitably, there is an affordability issue for the Government. So, you cannot isolate it from those things. It is helpful to remember that the health boards have only been in place in this form since October 2009. If we look at the track record since then, we have started to see the benefits that were anticipated from integrating the organisations being realised in hard terms. We have seen significant improvements in performance and although there are challenges to sustaining that, we have seen those improvements.

[67] Last year, the health boards saved £313 million. That is compared to figures in previous years of £250 million, and before that of £200 million. So, we have seen them increase their savings, and when we think about how they manage their financial affairs, there are two aspects: one is their ability to control costs, and the other is to identify efficiencies. Both of those things have improved as a consequence of the existence of the new health boards. They are larger organisations and they have drawn expertise together. For example, the savings they have made from medicines management have increased significantly, and have been of benefit to patients. We have shared services in place. So, in terms of confidence as to whether that number enables us to break the cycle of the past, yes, we are very confident that this is a reasonable level of additional current funding.

[68] The Minister is yet to receive a recommendation about the recurrent allocation of the funding. It would be presumptuous for me to say, but I think that we would expect that we would be recommending that all health boards should be receiving, broadly, their recurrent share of the funding, from this year, when a similar sum is also to be distributed—a little bit

more. We have obviously had to take into account, on a non-recurrent basis, the differential pressures that organisations are facing. It would be reckless for us not to do that.

[69] **Mark Drakeford:** Shall we pursue this point specifically? I know that Elin and Kirsty want to ask brief follow-up questions on that point, and then we will come to the second part of the question, Lesley.

[70] **Elin Jones:** On the allocation of the sum of £83 million, £20 million is going to Hywel Dda. That has been confirmed already. That leaves £63 million. So, all health boards, including Hywel Dda, will get a share of that £63 million. So, why has Hywel Dda been allocated £20 million specifically?

[71] **Mr Hurst:** The situation that Hywel Dda is facing with rural healthcare challenges, as you probably know, is common; however, its challenges are on a different scale to those in some other patches. Powys has some similar challenges, but they are slightly differently shaped. In the case of Hywel Dda, the health board has worked over the past year with its staff, patients and the public more generally, to start to flesh out how services might be changed in a sustainable way to provide better services for patients and so on. The board is confident that, over a period of three years, it can make those positive changes. On that basis, this is part of the support package to enable it to do that. That is why Hywel Dda is being treated differently.

[72] To illustrate the point, spend on locum doctors in the Hywel Dda area exceeds the total spend on locum doctors in the rest of Wales added together because of the challenges that you will be aware of around staffing rural district general hospitals. That is a problem that Powys does not have, although it has some other ones.

[73] **Elin Jones:** Can we have it confirmed to us when the £83 million is allocated?

[74] **Mark Drakeford:** Minister, I am sure that you will be announcing the allocations when they are made.

[75] **Mr Hurst:** We anticipate that it will be done within a month.

[76] **Lesley Griffiths:** Yes, we expect it to be done by the end of next month.

[77] **Mark Drakeford:** I am sure that it will be something that we will know about once you have made the decision.

[78] **Lesley Griffiths:** Yes.

[79] **Kirsty Williams:** On the issue of efficiencies and the ability to accrue efficiency savings, there is an argument that organisations go for the low-hanging fruit first and that it becomes increasingly difficult to achieve efficiencies. You can arrange to share services only once. You can take out your middle management layer only once. At some point, you reach the optimum with regard to what you can do about bed occupancy and lengths of stay because you simply cannot kick people out of hospital any quicker. You can look at your skill mix once. You can get your day surgery rates up to an optimum level, but, after that, people have to be in the hospital. Where are we on that trajectory in terms of the uniformity of all trusts moving along those paths? Is it realistic of you to continue to expect the NHS to make efficiency savings on the scale that it is being asked of it, particularly when you look at the figures, which show that, even within this year, there are local health boards that have gaps in the efficiencies they have made to date and do not know how they are going to reach their end total by the end of the year? They do not know how they are going to do that yet. That is within this year, let alone what they are going to have to do next year and the year after and

the year after.

[80] **Mark Drakeford:** If your budget relies on an efficiency level being achieved, how confident are you that it is going to be?

[81] **Mr Hurst:** It is helpful to think of savings in terms of stratification in three layers. First, the simple things are the sorts of things that you referred to: you might streamline management, make procurement savings and improve medicines management and so on. Those are fairly straightforward to do, although, of course, there is a point at which you hit diminishing returns. We think that there is a bit more to go on those. There is a second level of savings, which are achieved by the health boards working more collaboratively on things such as shared services. There are opportunities that are afforded by the health boards working together. Procurement savings can also be enhanced by procuring on an all-Wales basis, which we are now doing through shared services and so on. Medicines management work has been done on an all-Wales basis.

[82] The top level, and the toughest one of all—but the one that we have to get to—is the benefit you get by streamlining the services between the parts of the health service that we have traditionally managed separately: primary care, hospitals and community services. Post-reforms, the excuse has run out on that one. We have organisations that are responsible for those things. We believe that there is a great deal of benefit, improvement and value to come from those things, but they must be dealt with in a thoughtful way and it takes time. Obviously, the public and staff have to develop the confidence in the planning that these are positive and achievable things. So, those are the sorts of things that are factored into our longer-term plans for years two, three, four and five, or years three, four and five. In the shorter term, we must be ruthless around the more straightforward things, while ensuring that they are done in a sensible way.

10.30 a.m.

[83] **Lesley Griffiths:** I will answer the second part of Elin's question and then pick up on some of the things that Kirsty said. The draft budget that we are looking at very much builds upon the budget that was set last year following the UK's comprehensive spending review. I see this budget as the second year of that three-year cycle. The service changes are needed because of the financial situation; I am not pretending that that is not the case. However, there are other reasons for the service changes, namely that many services across Wales are stretched and there are recruitment issues. So, the reasons for the service changes are not just financial ones, but are also as a result of those other two issues. That builds on what Chris said in answer to Kirsty. Even though LHBs made huge efficiency savings last year, and given that we are asking them to do the same this year, once the service change plans come into play, there will be efficiencies because they are doing things differently. We just cannot carry on doing the same things, and that message can be heard from all directions. For example, we heard it from the Welsh NHS Confederation this morning, from the Auditor General for Wales, and even from Wanless back in 2003. We are hearing this all of the time; the message is now there. The financial situation has perhaps made us focus much more sharply on the required service changes.

[84] **Mick Antoniw:** Looking at the budget as a whole, the figures indicate that, by 2014-15, we will have an increase of just under 2 per cent in cash terms and a reduction of more than 6 per cent in real terms, and, with regard to capital, which is a smaller but nevertheless heavily affected part, we will have a reduction of around 18 per cent in cash terms and a reduction of about 24 per cent in real terms. Could you confirm whether the inflation index used is the Treasury index of between 2.5 and 2.7 per cent? We know that certain areas of health spending are subject to inflationary pressures that are much higher, which is of concern. Are you able to identify where those particular pressures might be that would result

in problems within the budget? What work is being done not just to identify them, but also to ensure that the proper adjustments are being made, so that the overall budget does not become dysfunctional?

[85] **Mr Hurst:** You are absolutely right; our colleagues in central finance look at the cash settlement and then take a view on what that means in real terms. The traditional way of doing that is by using the Treasury's GDP deflator, which, in simple terms, is a whole economy, if you like, proxy for inflation. Health service costs historically increase more than that; you are right about that. So, our financial planning within the department does not use the GDP deflator. That is the first important thing. If we were to look backwards, we would typically see that health service costs increase by around 4 to 5 per cent per annum—it depends on the year. Pay awards are a large chunk of that, because they are nationally negotiated—they are UK wide—and given that we have a two-year pay freeze at the moment, that has had a dampening effect on health service costs. There are other factors, of course, which include patient volumes, increasing acuity and new technology.

[86] Those are things that we need to ensure that the health boards are really on top of with regard to their planning, because problems arise when inadequate planning is done to anticipate those things, and then the organisations catch a cold in the year. That has been part of the historic problem. We put quite a lot of effort into working with the health boards to improve their longer-term planning. It is important for us to help them manage those things.

[87] **Mick Antoniw:** Presumably, over the course of the year, as part of reviewing what is happening with the various boards, you will be reviewing the particular pressure areas—for example, drugs pressures and the cost of medicines and so on, which is a sensitive area.

[88] **Mr Hurst:** The health service finance directors do that in advance of the year, as part of their planning and we have a schedule of their estimates, which we validate. You are right about doing it during the year. I meet the finance directors once a month, by norm, and sometimes I call them in more often. We periodically look at how these things are panning out. We pick that up as part of our individual financial reviews of each organisation as well.

[89] **Darren Millar:** Good morning, Minister; it is good to see you here. I would like to ask about two of the Government's ongoing commitments. There was a commitment in your manifesto, not only about health checks for the over-50s, which I understand you are still working on with regard to what exactly they will mean, but also to extend GP access and opening times, particularly at weekends and in the evenings. The second commitment that the Government gave was to bring forward a food hygiene bill. Of course, we all know about some of the tragedies that we have seen in Wales with regard to E. coli outbreaks over the years. The Pennington report made a number of recommendations, some of which are likely to lead to significant costs to the Government and the public purse, if they were to be fully implemented. There has been a lot of talk about the declining resources that you have within your budget, but these are additional things that need to be funded.

[90] With regard to GP access, I know that you are currently working on detailed costs, which gives the impression that you expect it to cost more—contrary to what other people have said. At least you have been honest enough to say that there will be some cost to this. Where are your costings at the moment? How fully developed are they, and when do you expect to have a comprehensive idea of the cost going forward? Where does the cost fit into the budget? If you are going to put more money into this, where is it coming from?

[91] **Lesley Griffiths:** We are committed to ensuring that working people, in particular, have better access to GP surgeries at times most convenient for them. That does not mean that they are going to get a priority service, which I have heard some people saying—not at all. Obviously, appointments are given on a clinical basis. The first thing that we are doing, which

will not have any cost, is looking at the way that appointments are given out between the core hours of 8 a.m. and 6.30 p.m.. You mentioned evenings; I am picking up—a couple of Members here will agree with this—that people in rural areas would rather have appointments earlier in the morning. So, we are looking at the spread of appointments between the core hours of 8 a.m. and 6.30 p.m., which will not have any additional cost at all, because that it when GP surgeries have to be open.

[92] The Saturday morning sessions are being worked out at the moment. There is preparatory work going on about that. It is not going to happen by Christmas. It is a five-year programme for government and it is going to take a while to work that out. However, the core hours will be sorted out much more quickly. There are no additional cost implications within the contracted core hours, and I expect that that will improve access immediately for patients.

[93] Resources have been allocated for developing the food hygiene rating scheme Bill, mostly, in respect of staff costs. That will probably be the first Bill that I bring forward in my portfolio, and the plans are going well.

[94] You mentioned the Pennington report recommendations. No funding has been specifically paid by the Welsh Government to support the Pennington recommendations. The work to implement the recommendations is, primarily, being carried out by local authorities and the Food Standards Agency, as part of their normal service. You may remember that the Pennington report said that there was no need to change any laws; we just need to do what we are doing better. The First Minister has commissioned a review of food law enforcement in Wales. Until the outcome is determined from that piece of work, a final decision on the allocation of funding is unlikely to be made. However, interestingly, the resources normally provided for food safety in Wales have more than doubled in fewer than 10 years, from £5.8 million in 2001-02 to £11.9 million in 2009-10.

[95] **Darren Millar:** May I come back on that, Chair? Thank you for your answer, Minister. I accept that there is some flexibility in the existing GP contract that may allow for appointments from 8 a.m. or up until 6.30 p.m.. However, the practice across Wales is that, generally, GP surgeries close at 5 p.m. and open at 9 a.m., which is what you have indicated to me in answers to written questions that I have tabled. They suggested that fewer than 10 per cent of GP practices open at 8 a.m. and close at 6.30 p.m.. In addition, only two GP practices in Wales, out of around 500, currently open at the weekend, according to answers that you have given to my written questions. So, extending access, particularly at weekends, will cost you more money. Where are you in terms of working out those costs? You said that detailed costings were being worked on over the summer and you have given updates to the answer that you gave me as recently as two weeks ago that say that you are still working on detailed costings. Where are you? Where is the ballpark? You must have some ballpark figure to which you are working.

[96] **Lesley Griffiths:** You say that most GP surgeries are open between 9 a.m. and 5 p.m., but the GPs that I am talking to may not be open for appointments—

[97] **Darren Millar:** That was based on your answer.

[98] **Lesley Griffiths:** That is what I am saying. That is where we need to explore where we can have them opening from 8 a.m. to 6.30 p.m.. They may be open from 9 a.m. to 5 p.m., but they will be working from 8 a.m. to 6.30 p.m., because those are their core hours. They may be doing telephone or e-mail consultations or domiciliary visits. So, those are the core hours, and we are exploring having appointments outside the hours of 9 a.m. to 5 p.m.—that is, from 8 a.m. to 6.30 p.m..

[99] As I said, work is currently being undertaken to determine the best GP model that we

can use for Saturday mornings. That work is preparatory, and I am not in a position to say any more than that at the moment.

[100] **Darren Millar:** May I explore that a little further? You used a very interesting word. You talked about perhaps having a different GP model at weekends to the one used during the week. Does that mean that people will not present at their regular practice? Are you looking at that?

[101] **Lesley Griffiths:** We are looking at lots of different ways of doing this. We are looking at the out-of-hours service to see whether we need to extend that. It depends on what evidence comes through to me and what models we can use. As I said, these are early stages; it is preparatory work. It will not happen by Christmas; it is a five-year programme and we are working to that.

[102] **Darren Millar:** To touch on the Pennington report, the Food Standards Agency is facing a significant reduction in its budget—in real terms, it is almost 13 per cent over the budget period—so are you confident that it will still be able to undertake its work with such a massive reduction, given that many people around Pennington, when commenting on the report, said that it would take more money to deliver? What impact will such a significant reduction have on food safety in Wales?

[103] **Lesley Griffiths:** As I mentioned, the resources for food safety have doubled. I met with the FSA yesterday—I meet with the FSA regularly to discuss issues. The food standards Bill relates to ways of looking at re-inspection, for instance. One thing that I always feel goes first when budgets are squeezed is training. I am now looking at what will be in that Bill, and I am looking at re-inspections. At the moment, when a food establishment is re-inspected, there is no charge. Maybe we could look at things like that to see where we can get funding that could be specifically put in to support training. However, I am confident; the Food Standards Agency does excellent work and, as this Bill comes forward, I want to see standards going up. This has concerned me as an Assembly Member; I had an E. coli outbreak in my constituency, so I am very aware of it. Once we bring in the scores on the doors, and I have to say that all 22 local authorities have signed up to the voluntary scheme, but we have not seen the establishments voluntarily signing up their schools. If this Bill goes through and the scheme becomes mandatory, you will, for instance, see establishments wanting to improve their ratings, and they may then want that re-inspection. If they do, they will have to pay for it, because that would be one way of ensuring that we have the resources available.

10.45 a.m.

[104] **Mark Drakeford:** You will have guessed from the questions that you have had, especially in relation to the GP extended hours, that it is an issue that the committee is likely to take a continuing interest in, as to how the policy is implemented and what the budgetary implications of the policy are. I am sure that you would have gathered that.

[105] **Lesley Griffiths:** Yes, I gathered that.

[106] **William Graham:** On general principles, Minister, I am asking you about free prescriptions. You have you made your position clear on this. However, I see that you have allocated another £400,000 for 2014-15; is this new money, and on a slightly technical question, under what action line is it allocated in the budget?

[107] **Lesley Griffiths:** It is new money. I shall ask Chris for the action line.

[108] **Mr Hurst:** It is targeted NHS services.

[109] **Lesley Griffiths:** Yes, and it is new money.

[110] **William Graham:** Thank you for that answer, Minister. Looking at the cost of prescriptions generally, it is a huge bill of some £600 million, let alone the hospital prescriptions on top of that. It is interesting to note that the actual cost per item has reduced, but the worrying trend is that the number of items per registered head has almost doubled in 10 years. How can you show in evidence that this is worth doing? Also, more particularly, what advice do you give to GPs on the number of items per individual that they dispense?

[111] **Lesley Griffiths:** This policy shows the difference between me and you so much more than any other. Free prescriptions are absolutely a long-term investment in managing chronic conditions. We have a high proportion of older people and there are more chronic conditions, so we are bound to see an increase in the number of prescriptions that are dispensed every year.

[112] In relation to GPs, they obviously have standards that they have to meet with their prescription costs. Maybe we need to look more closely at consultants and hospital doctors, because they do not have the same restrictions as GPs when a patient is discharged from hospital.

[113] The free prescription policy is not a gimmick. It is a real and positive step to ensure that everyone in Wales has the medicine that they need. I think that it stops people from going back to hospital, which would be much more expensive for the NHS in the long term.

[114] **William Graham:** Will you be able to publish that evidence? You said 'I think'. Can we have some evidence as to what is happening, and what is the evidence do you have to sustain your policy?

[115] **Lesley Griffiths:** Yes.

[116] **Mark Drakeford:** Will you share the evidence? Your contention is that, by providing prescriptions, it has a positive effect on going to hospitals, and so on.

[117] **Lesley Griffiths:** Yes, absolutely.

[118] **Mr Hurst:** We look regularly at the longer-term pattern of prescription spend. As you have quite rightly touched on, there are a number of things that influence the total spend. There are the issues of volume and prescribing behaviour behind this, and there is complexity, just as the Minister said, with the elderly in particular. We try to look at all of those things. GPs have good tools these days to deal with things such as the variation in the use of individual drugs—such as branded versus proprietary. They use computer tools that automatically take away some of the burden of thinking about that. So, we have long-term data on this, and we will be able to give you further information.

[119] **Elin Jones:** I have a question on the capital funding available.

[120] **Mark Drakeford:** I am happy to take one question on that, because we have not touched on it at all.

[121] **Elin Jones:** In February or March, the previous Government announced a list of capital programmes that it was committed to in health and social services. The budget that will be available to you now, Minister, will be around £42.3 million less than that allocation had anticipated over the next three years. You have said in a written answer to Andrew R.T. Davies that some schemes in Wales have had to be delayed as a consequence of the capital

reduction, so I would be interested to know which schemes those are. If you are not in a position to tell us this morning, when will you be announcing which schemes have dropped off the list that the previous Government had announced?

[122] **Lesley Griffiths:** I am not in a position to do that at the moment. I have actually stopped all schemes, in light of the service plan changes coming forward. I am not looking at any at the moment, so I am not in a position to do that. You are quite right—commitments have been delayed, because I feel, particularly as a new Minister, that I need to look at them all alongside the service plans, when they come through. I will have to do that at a later date.

[123] **Mark Drakeford:** When do you think that date might be?

[124] **Lesley Griffiths:** I would imagine that it would be early in the new year.

[125] **Elin Jones:** What are the implications for capital spending? If there is a hiatus now, with no schemes being agreed by the Welsh Government on capital funding anywhere in Wales, then money will not be spent. It has implications for capital spending and budget management. I would suggest that it also has wider implications for the economy, because schemes will not be going ahead that would have provided contracts for the building industry. There is an implication not only for the decisions that you take, but also for the capital spending of your Government, and how you will manage that by putting everything on hold, as it were.

[126] **Mr Hurst:** It is helpful to remember that part of the capital budget that the Minister is responsible for goes to the health boards for local priorities and to maintain their existing buildings and equipment. That part is not affected by this; it carries on. The other part is what you might see as strategic capital spending, where the Minister takes a much greater interest in the case for expenditure, such as larger schemes for improvement or replacement. The amount that is being spent this year relates to things that were reviewed and approved several years ago, so those commitments continue—there is no proposal to stop contractual commitments and send builders off site, so to speak. Those things continue, so there are no immediate implications for the wider economy—

[127] **Elin Jones:** There is nothing starting, though, is there?

[128] **Mr Hurst:** This is a short pause, which is clearly sensible given the timing of the health board service plans. The Minister has also agreed that it would be helpful for a number of senior people from the health service to act in an advisory capacity about reconfirming what the priorities are, taking into account the service plans—medical directors, chief executives and so on. So, there will be some NHS input into refining that. I suspect that it is very unlikely that the whole plan will be torn up; it is a question of emphasis and moderating the priorities inside it. There is no immediate impact, certainly not in this year. Within the timescales that we are talking about, the Minister will be able to give complete clarity to the health service for the next financial year and beyond.

[129] **Lesley Griffiths:** No contractually committed schemes or approved schemes will be delayed. However, as a new Minister, I need to be completely confident. We have a much reduced capital budget, and I have to make sure that it absolutely fits alongside.

[130] **Elin Jones:** I am sorry, but the economy is crumbling around us and cannot wait for your decisions as a new Minister. We all know, in our different areas, of schemes that have been in the planning for a long time and are probably ready to go in many cases, but they are now on hold, whereas contracts could be let over the next few months. I do not think that it is a good enough reason, with respect, to say that, because you are a new Minister and are looking at all the schemes again, new capital schemes are put on hold.

[131] **Lesley Griffiths:** I did not say that I was only looking at it because I am the new Minister; I am looking at it alongside the service change plans. You are entitled to your opinion, and I am entitled to mine. That is what I have decided.

[132] **Kirsty Williams:** When were the local health boards asked to write their service plans?

[133] **Lesley Griffiths:** They are writing them this autumn—

[134] **Kirsty Williams:** I know that they are writing them now, but when were they requested to write their service plans?

[135] **Mr Hurst:** It started with the five-year planning around a year ago. We are now at the stage of ensuring that plans, on an all-Wales basis, are consistent and connected. The plans coming through now give the Minister the ability to apply that test, but the thinking started a year or so ago, as part of the five-year plan.

[136] **Kirsty Williams:** So, when the previous Government announced, just prior to the election, a long list of hospital improvements, you were well aware that local health boards were being asked to write their service plans and that that might have an impact on capital expenditure. So, while is fair to say that you are new, and that you have to ensure that you are spending the capital in the right way because you do not have a huge amount of it, am I being overly cynical when I hear you say that you have to look at it because it has to line up against the service plans? You knew that the service plans were being written and that they could result in changes to service delivery, because those service plans were commissioned way before the previous Government made its announcement, just prior to the election, about where it was going to spend money on hospital improvements.

[137] **Mark Drakeford:** You are being asked if that is a cynical view, Minister.

[138] **Lesley Griffiths:** Yes, but I do not think that you can blame me for that. [*Laughter.*]

[139] **Kirsty Williams:** Just because it is a cynical view, it does not mean that it is wrong.

[140] **Mark Drakeford:** I am grateful to everyone for being disciplined in asking their questions, and to the panel for giving focused answers where they were able. I am keen for us to have at least 35 minutes to consider the important social services issues in Mrs Thomas's budget in the purview of this committee. We will proceed in the same way, if Members are content to do so, so that everybody has a chance. We will have to be even more focused to manage that. Lynne, do you have a question on the social services side of the budget?

[141] **Lynne Neagle:** Yes. Good morning, Deputy Minister. On the issue of protection for social services, last year, local government was given direction by the Welsh Assembly Government that funding was to be protected. I recognise that the bulk of social services expenditure goes through local government. What steps are being taken this year to ensure that social services are protected when that money is spent at a local level? Even with that protection, social services departments have faced massive pressures. In Torfaen, even with what has been described as relative protection, people have had their care packages reduced and there has been a move to make people more independent, which is not always welcomed. How confident are you that social services will be able to continue to deliver in a sustainable way, based on the allocations that they are being given?

[142] **Gwenda Thomas:** Of the total £1.4 billion spend on social services, £1.3 billion is transferred to local authorities, and of that, £417,000 is for children's services. You are right

to say that discretion for spending decisions lies with local authorities. That budget is unhypothecated. I believe that the thrust of sustainable social services is going to deal with exactly that. We are dealing with how to move forward; we know that we cannot do less with less, and that is the thrust of sustainable social services. We have some examples of local authorities making good decisions to fund collaboratively. Some of the budget decisions facilitate that. I am waiting for local authorities to come forward with their plans in response to sustainable social services. I have asked for that information to be submitted by December. Within that, we expect local authorities to say how they will deliver sustainable services. If necessary, we will require them to do so. We have no way of enforcing decisions on local authorities because of the nature of the settlement.

11.00 a.m.

[143] As for the budget supporting it, we have seen good examples, and local authorities have shown their commitment, in many ways, to achieving it. We know about the Gwent frailty project, for example, in which we invested, I think, £9 million on a spend-to-save principle. That is the way that we must look at services in the future where they are preventive and meet the needs of the individual. The Gwent frailty project focused on the individual and was citizen-based.

[144] Within sustainable social services, we intend to move towards national eligibility criteria so that we achieve sustainability and consistency. Within that is the very important issue of reablement. This is one service that we have identified that would be best delivered regionally. We know that good reablement services can save up to 57 per cent of the cost of home care. So, we have to move towards delivering sustainable social services. We know that local authorities will have to come together by statute to deliver the carers' strategy. That is a good example of requiring joint working and, in fairness, I think that that has been welcomed by local authorities and has brought clarity.

[145] We have also legislated for integrated family support teams, which require local authorities to work together and with other public services, such as the NHS, to deliver. We also have Families First and Flying Start. By 2014, £100 million will have been invested in those programmes. So, we are putting resources into our policies.

[146] I would like to share with the committee information regarding the very positive first meeting of the national policy forum. It was really good to see all political parties sitting in a room together, along with the private and voluntary sectors and the Welsh Government. There was a strong commitment to moving forward in collaboration. That is the only way that we will influence decisions locally and the only way that we will achieve sustainability.

[147] **Lesley Griffiths:** I would like to add, Chair, that the only change to the social services budget, if you exclude the transfers between the budgets, is the extra £55 million over three years for Flying Start. So, we have a really good story to tell about the social services budget.

[148] **Mark Drakeford:** Thank you very much. Just before you arrived, Minister, we agreed that we will take an interest in reablement services as part of the inquiry into residential care services that we will undertake after Christmas. So, I am sure that what you have just said on that will be of interest to us and I am sure that we will come back to you after Christmas on that point. So, thank you for that.

[149] **Kirsty Williams:** Deputy Minister, I was concerned to see that there seems to be a significant cut in the resources that have been allocated to 'Social Services Strategy', which is the blueprint for transforming the way in which social services are delivered and creating a modern social services system, and which will be underpinned by legislation in the form of

the Bill that you have proposed. What impact will that have on taking forward the changes that you consider to be necessary?

[150] **Gwenda Thomas:** This is realignment, not a cut. We do not have a cornucopia, so we have to look at what that means across all budgets. By way of explanation, what you suggest is a cut is not. There will be a £1 million transfer out in all three financial years to 'Children's Social Services'. That £1 million will go to support integrated family support teams, which also support the strategy, and will bring the updated budget for integrated family support teams to £3.3 million. The other transfer is £1.9 million out of 'Social Services Strategy' into 'Adult and Older People'. That again is a realignment, and it represents an uplift for the learning disabilities grant, which is linked to resettlement. We decided years ago to resettle people from hospitals such as Hensol. So, this is an uplift of that grant, which in itself is £32 million. So, it is a transfer out.

[151] **Kirsty Williams:** Thank you for that. How does that tie into figures that seem to suggest that the revenue allocation for 'Adult and Older People' will decrease by £7.7 million, when you said that money is leaving 'Social Services Strategy' to be transferred into that line? From looking at that line, my understanding is that there is to be a 21.4 per cent reduction over three years. Is that an incorrect reading of the 'Adult and Older People' budget?

[152] **Gwenda Thomas:** Can you say that I again, so that I can understand absolutely what you said?

[153] **Kirsty Williams:** My understanding is that over the the next three years, compared with the 2011-12 baseline, the revenue allocation for 'Adult and Older People' will decrease by £7.7 million, which is a reduction of about 21.5 per cent over three years. You have just said that some of the money that has come out of the 'Social Services Strategy' budget has gone into the 'Adult and Older People' budget, but that budget seems to be taking quite a big hit. Could you explain that?

[154] **Gwenda Thomas:** The explanation for the changes in the 'Adult and Older People' budget is that £10.1 million has been transferred out in the three financial years to the local government and communities main expenditure group. That is to cover the funding for the first steps package on fairer charging. Also, £1 million has been transferred into the revenue support grant to support the older people strategy that I mentioned earlier. There has been a transfer into that budget of £1.4 million to align children and adult services for autism, and there is also the £1.9 million grant that I mentioned for learning disabilities. So, overall, that gives you the £7.7 million total, and it shows that it is a realignment and a transfer out to the RSG.

[155] **Mark Drakeford:** We are going to have to move very swiftly to give everyone an opportunity to ask the Ministers a question. I will go to Vaughan next.

[156] **Vaughan Gething:** I welcome the money that is going into Flying Start, but I am interested in the move from Cymorth to Families First. I just want to clarify in which budget line it is and whether it is part of the local government settlement. In moving from Cymorth to Families First, is there a gap in terms of that money coming on stream? Would there be a gap between budgets that are funded under Cymorth, in that they would potentially not have funding, or they would not know whether they were going to get funding under the new Families First scheme? Have you made any assessment of what the impact will be on the ongoing projects in some of our more deprived and challenging communities?

[157] **Gwenda Thomas:** The funding for Families First is more than the funding was for Cymorth. It comes out of the core social services budget. There were fears that there would be

a gap, but we have negotiated with local authorities. It will be rolled out to all local authorities by the beginning of the next financial year. It is a preventative programme, and it will link with Flying Start and integrated family support services to have a coherent service. The important issue is that it is outcome-based, and there is as much participation by health as there is by social services. This is about thinking collaboratively and making the funds available.

[158] **Lindsay Whittle:** Deputy Minister, I noticed on the spreadsheet that funding for children's social services has been reduced year on year by roughly £4.3 million. What impact do you envisage this will have on the services? Like Vaughan Gething, I welcome the Families First and Flying Start initiatives, but £4.3 million year in, year out seems quite a lot. In particular, I am concerned about the child and adolescent mental health services.

[159] **Gwenda Thomas:** Were you asking about the children's social services budget?

[160] **Lindsay Whittle:** Yes.

[161] **Gwenda Thomas:** I will explain those changes. As I have already mentioned, an additional £1 million is going into the budget for IFSS. The transfers out are £1.2 million for three financial years for the delivery of co-NHS services—that is for CAMHS. We have all agreed that we needed to realign services and bring transparency to the funding of that service. There is also £900,000 transferred out to support mental health policies and legislative action, as we need to fund the Mental Health (Wales) Measure 2010. There is also a transfer out of £1.4 million—I have mentioned that to Kirsty—to bring together adult and children's autism services. There is a consensus that we needed to plug gaps in the transitional services from children to adult and that we needed a whole-life service for autism to pick up the lack of diagnosis that sometimes occurs in younger adults and to ensure that people are not labelled when they enter the criminal justice system and there has not been a diagnosis. So, this is to make sense of the whole programme and to fund in accordance with the autism strategy and implementation plan.

[162] **Lindsay Whittle:** You mentioned local authorities and partnership working. They say that, in Wales, you are as narrow as the valley in which you live. Many local authorities are now working together much more closely and others, which I am not brave enough to name, will perhaps live in their silos for some time. What steps can you take to ensure that that does not happen?

[163] **Gwenda Thomas:** That is the whole thrust of 'Sustainable Social Services for Wales' and there are indications of positive thinking. We have had interim replies from local government in the summer and now we are awaiting, I hope, a combined reply via the Welsh Local Government Association in response to 'Sustainable Social Services for Wales'. It has to be the way forward. We have to work in different ways and clearly identifying what can be delivered locally, regionally and nationally has to be the way forward. Any savings out of that strategic thinking will be ploughed back into the service, for investment into moving forward with the social services Bill. We do not know the cost of the implementation of the Bill yet, but we need to be prepared for it.

[164] **Lindsay Whittle:** Thank you, Deputy Minister; you have answered the third part of my question.

[165] **Rebecca Evans:** Lindsay Whittle picked up a point that I wanted to discuss, on autism. I welcome the continued support that the Government is giving to the autism spectrum disorder strategic action plan. I know, Deputy Minister, that you are personally committed to seeing it succeed. I will therefore move on to a different point.

[166] In your paper, you say that you expect the Care Council for Wales and the Commissioner for Older People in Wales to achieve efficiency savings of around 3 per cent. How do you envisage that these savings will be made and what sort of guarantee can you give that it will not impact on service delivery and quality?

[167] **Gwenda Thomas:** I will deal with both bodies separately—the care council first. Of course, this is part of the expectation that we all have to save money. This is not clear at the moment because the budget timetable of the care council and the older people's commissioner means that we are still negotiating with them. The final figures will be included in the first supplementary budget. To take my thinking further, we are expecting a cut of 3 per cent for the care council, which would reduce its funding from £10.1 million to £9.8 million. However, the care council has a comprehensive efficiency strategy and I am convinced that it will be able to deal with this. I meet with it regularly and I must say that it is successful in delivering in its policy area. I also expect closer working between the Care Council for Wales and the Care and Social Services Inspectorate for Wales. We have to do that. I have already said that I want them using the same front door. I believe that that will realise savings and bring a more coherent service, and they are thinking about that positively.

11.15 a.m.

[168] With regard to the older people's commissioner, there was a 3 per cent cut last year, which took the budget down to £1.747 million. We expect another cut of 3 per cent this year, which would mean a further reduction of £53,000. However, the budget timetable is the same as the care council's. So, we will continue to negotiate with the older people's commissioner with regard to the way forward. We must be mindful that, by law, the older people's commissioner has a service to deliver, and it is exceedingly important that we do have a means of listening to older people, and the Older People's Commissioner is important in that. The savings that can be realised from both bodies will need to be redirected to the delivery of sustainable social services.

[169] **Mark Drakeford:** Will you be able to make those decisions in the first supplementary budget of next year?

[170] **Gwenda Thomas:** Yes

[171] **Darren Millar:** I have a supplementary question on that. The older people's commissioner is an important post, as you quite rightly said. The commissioner has recently done some excellent work on the 'Dignified Care?' report. Her annual report indicates that the number of people contacting the commissioner is increasing, as awareness of the services increases around the country. Given that this is a demand-led service, and ever more people are falling into the older people's category, do you not anticipate that she will require more resources in future to deliver the important service that she is giving? Given that you have indicated that the Care Council for Wales may be able to make efficiencies because of its joint working with CSSIW, and that it has clear straightforward efficiency plans, which have been achieved over the years, would it not be better to assume that they can make bigger savings in order to support more investment into the older people's commissioner and her team?

[172] **Gwenda Thomas:** We can say that across the board. It would be nice to be in a position to put in more resources in all services. I take the point that you make seriously. I have said that we are still negotiating with the Care Council for Wales and with the older people's commissioner, but as we are facing such challenging times, I am in no position today to say that we can move away from having to make these efficiencies. We will work with the older people's commissioner and we will listen to her. We know that the service is now embedded. It has been building up since the first term of the commission. I am intent on doing

the best that I can to ensure that older people are still able to use the commission and can link with the commission effectively.

[173] **Elin Jones:** Compared with the 2011-12 baseline, there is a reduction of about 50 per cent in the capital allocation in your budget. Is that realignment or a cut. If it is a cut, what does that mean for projects? What projects would have been in the pipeline, expecting to be funded, that are no longer going to be funded because of that capital cut?

[174] **Gwenda Thomas:** The most obvious one in Flying Start. We know that there are capital implications with regard to the play element of Flying Start. This year, there was a capital allocation of £3.4 million. At the moment, a capital sum has not been identified for that service. We are rolling Flying Start out, as you know. With the new areas that are going to come on stream, we are asking them to look at empty school buildings and community halls, to look at alternative provisions for this. However, at the moment, I cannot give you any further assurances on that capital allocation.

[175] **Mick Antoniw:** I have a question on the CSSIW. What will its funding position be as a result of the settlement? Is it sufficient, bearing in mind that there is going to be quite a significant increase in the demand for the inspectorate's work—not just because of Southern Cross, but due to the pressures and conflicts that now exist in a large part of the social care sector?

[176] **Gwenda Thomas:** CSSIW will shortly publish its forward work programme, which will show us how it intends to take regulation forward next year. On a slightly longer-term basis, we need to look at changing what we expect of CSSIW. We need to ensure that we are regulating and inspecting the right things. We are moving towards the registration of home-care managers—we have done it for managers of children's services. We must move towards placing the responsibility for delivering safe services on providers and commissioners. Within the scope of sustainable social services and the social services Bill, we need to legislate for that. I do not think that we will be able to continue with registration across the social care workforce, and perhaps that is not the best use of resources. However, registering and regulating in the best way and moving towards a simpler process will be more effective. When we get issues like Southern Cross, upmost in my mind has been the safety and wellbeing of the homes' residents. We know that we cannot have any new providers coming on stream until they have gone through this rigorous process. CSSIW is moving ahead with that and is coping with it. We need to modernise the service and make a stronger link with the care council, as I mentioned earlier.

[177] **Darren Millar:** With regard to the social care Bill that you are going to bring forward, you have indicated that it is going to be a wide-ranging Bill that will try to put social services and social care on a sustainable footing in the future. Do you anticipate any costs in relation to the Bill, either in its development as you prepare for its implementation, or post implementation? I gather that there has been a reduction of £3 million in revenue funding for the social services strategy and action line, and that does not indicate that you are planning to invest upfront in trying to develop the Bill to ensure that it is fit for purpose in going forward.

[178] **Gwenda Thomas:** Some £3 million has been set aside for the development of sustainable social services. Within that, there is an allocation to develop the Bill and take it forward. We do not yet know what the cost of the Bill's implementation is going to be and we have to see what is in the Bill. That will have to rely on the regulatory impact assessment that will accompany the introduction of the Bill.

[179] **Darren Millar:** Therefore, you are starting from scratch with this work. Do you not have any idea in your mind about what may emerge through the course of the Bill being developed and drafted? It seems to me that you must have something in mind, Deputy

Minister, as regards what you are looking to achieve.

[180] **Gwenda Thomas:** Underpinning it all is sustainable social services and we know what we are committed to. We need a simplification of the law, and I am sure that the Bill will provide us with that. If we are just bringing laws together and making them easier to understand, there would not be the extent of financial implications. However, if we are going to introduce services, we will have to wait to see what it says in the Bill. Perhaps Steve can be a bit more explicit about that.

[181] **Mr Milsom:** It is important to recognise that this is an important factor in developing the Bill. We have a group, which includes researchers and economists, looking at the regulatory impact assessment. It is looking at the proposals and their implications. We will also need to look at the other side of the coin, which is that, if we are looking at more sustainable and cost-effective services, we should identify savings that might help to fund the new models of service that the Bill will need to give local authorities the power to deliver. So, it is an important and ongoing piece of work. Of course, there is a good evidence base around social care for us to draw on, so we are using that research. When we publish the Bill for consultation in the new year, the regulatory impact assessment will set out some of this for discussion and debate. A full consultation process is planned on the Bill in the spring. Undoubtedly, we will develop the financial assessment further. So, it is ongoing.

[182] **Gwenda Thomas:** It is a five-year programme, of course. The savings identified within that process will be ploughed back into the services. We have always said that there is no big pot of money for this. This is facilitating doing things in a different way—doing better things for us.

[183] **Darren Millar:** So, in a sense, it is too early to tell.

[184] **Gwenda Thomas:** Yes.

[185] **Kirsty Williams:** The Government is working very hard with local authorities and providers, following the court case in Pembrokeshire, to look at realistic funding for the cost of residential care. The Government is really trying to get to grips with that. However, there does not seem to be quite as much emphasis on the nursing element being looked at in exactly the same way and looking at realistic costs for the nursing care element. What discussions have you had with the Minister for health about the need to look at a similar approach of realism with regard to the cost of nursing care in residential care settings so that they keep apace with the work that you are doing in social services to look at realistic levels of payment?

[186] **Gwenda Thomas:** We have had quite a few meetings on this subject. I take your point with regard to Pembrokeshire and other local authorities. The issue there is about fee levels. That is why it is so important that, within the national policy board, the private sector, via Care Forum Wales, participates in all of this work. In that way, we have the best intelligence we can have on the subject. My concern with regard to what has happened is that we are seeing good money go into the courts via judicial reviews—money that should be spent on services. It is a difficult issue because, at the moment, it is a matter between local authorities and their commissioning and who provides it. That is why we have identified the very real and urgent need to move from 29 contracts to one contract outline if we can. In Wales, at the moment, we have 29 contracts with the private sector to deliver. I think that that is nonsense. All of those different contracts and different fee levels do not provide consistency. If we moved to one contract outline, which would cover the whole of Wales, that would be a significant step forward and one that is supported and welcomed by Care Forum Wales. Perhaps there is a need to look at alternative models of provision. The committee has had a presentation by the director of social services. It is an issue that we need to continue to

work together on.

11.30 a.m.

[187] **Mark Drakeford:** Ddirprwy Weinidog, mae'r amser sydd gennym ar fin dod i ben, ond yr wyf am roi cyfle i William Graham i ofyn un cwestiwn olaf i chi.

Mark Drakeford: Deputy Minister, we are coming to the end of our time, but I just want to give William Graham the opportunity to ask one final question of you.

[188] **William Graham:** Deputy Minister, I am going to ask about the first steps improvement package. It is a laudable aim that nobody should pay more than £50 a week, but I am concerned about the amount of money that you have allocated to local authorities by way of compensation, namely some £10 million. Do you think that that is adequate, and would not the money it costs to monitor that be better spent on services?

[189] **Gwenda Thomas:** You ask if the costs are adequate; the costings were supplied to us by the local authorities. We had supportive evidence from LE Wales on that process. During the first year, we have had half-yearly monitoring meetings with local authorities, and we have asked them, within that process, to tell us about their experiences and the experiences of service users. I have asked for a full report from local authorities on the adequacy and effectiveness of delivery. I expect that full report in November. I do not see why we cannot share that with committee to consider more fully, at that point, the answers to your question.

[190] **Mark Drakeford:** Diolch i aelodau'r pwyllgor am eich help y bore yma gyda'r sesiwn. Diolch yn enwedig i'r Gweinidogion a'u swyddogion. Yr ydym wedi dod i ddiwedd y sesiwn hon.

Mark Drakeford: Thank you to the committee members for your assistance with the session this morning. Thank you especially to the Ministers and their officials. We have come to the end of this session.

11.32 a.m.

Cynnig o dan Reol Sefydlog Rhif 17.42(vi) i Benderfynu Gwahardd y Cyhoedd o'r Cyfarfod ar gyfer Eitem 5
Motion under Standing Order No. 17.42(vi) to Resolve to Exclude the Public from the Meeting for Item 5

[191] **Mark Drakeford:** Er mwyn trafod eitem 5 ar yr agenda, cynigiaf fod

Mark Drakeford: In order to discuss item 5 on the agenda, I move that

y pwyllgor yn penderfynu gwahardd y cyhoedd o weddill y cyfarfod yn unol â Rheol Sefydlog Rhif 17.42(vi)

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order No. 17.42(vi).

[192] Gwelaf fod y pwyllgor yn gytûn.

I see that the committee is in agreement.

Derbyniwyd y cynnig.
Motion agreed.

Daeth rhan gyhoeddus y cyfarfod i ben am 11.33 a.m.
The public part of the meeting ended at 11.33 a.m.