

Welsh Government Draft Budget 2020-21

January 2020

1. Introduction

1. This report sets out the Health, Social Care and Sport Committee's (the Committee) views on the Welsh Government's draft budget 2020-21 in respect of the policy areas within the Committee's remit. This report is intended to inform the National Assembly's debate on the draft budget, scheduled for 4 February 2020.

2. The Welsh Government's Draft Budget 2020-21

2. On 16 December 2019, the Welsh Government published its outline proposals for the draft budget 2020-21, setting out the allocations for the budget's main expenditure groups. The budget also sets out the Welsh Government's revenue and capital spending plans for 2020-21.

3. In the detailed proposals document, the Welsh Government highlights the significant uncertainties and challenges faced throughout this year's budget preparations. In March, the UK Government confirmed its plans to undertake a multi-year Comprehensive Spending Review. However, in the place of a Comprehensive Spending Review, the UK Government conducted a 'fast-tracked' Spending Round in September setting out its spending plans for 2020-21 only.

4. As a result, the Welsh Government has only set revenue plans for a further year and made additional allocations to previously published indicative capital plans for 2020-21.



3. The Committee's approach to budget scrutiny

5. The Committee took evidence from the Deputy Minister for Culture, Tourism and Sport in relation to funding for sport and physical activity; and the Minister and Deputy Minister for Health and Social Services in respect of health and social care funding on 15 January 2019.

6. The Committee believes that strategic and regular scrutiny of the Welsh Government and the associated public bodies and offices whose responsibilities fall within its remit is an important part of its role. As such, we have engaged in a programme of scrutiny of all health boards and trusts over the summer term, which has included scrutiny of their financial performance.

4. Health and Social Services MEG

Overview

7. In 2020-21, the Health and Social Services Main Expenditure Group (MEG) is £8,904 million, a 2.9% real terms increase from the 2019-20 supplementary budget. This comprises:

- £8,366 million revenue (a 2.7% real terms increase);
- £374 million capital (a 1.4% real terms decrease); and
- £162 million annually managed expenditure (AME) (a 31.4% real terms increase).

8. Of the £8,741 million for revenue and capital, £8,004 million (or 91.6%) is allocated in total for the delivery of core NHS services and includes the funding for NHS bodies in Wales, such as the local health boards, NHS trusts, Public Health Wales and Health Education Improvement Wales (HEIW). This is an increase of £338 million (or 4.4%) in cash terms on the First Supplementary Budget 2019-20 and £194 million (or 2.5%) in real terms. Allocations are also made for the delivery of targeted NHS services.

9. The Welsh Government's evidence paper provides, at Annex A, further information about the draft budget allocations, including explanations for the changes between the Draft Budget 2020-21 and the First Supplementary Budget 2019-20).

10. This shows a net increase in the 2020-21 budget for the delivery of core NHS services of some £339 million compared with the First Supplementary Budget for 2019-20.

11. The budget reflects £385 million of additional Health and Social Services funding. However, around £55 million has been transferred to other budget headings within the Main Expenditure Group (MEG) for Health and Social Services (including the delivery of targeted NHS services). Around £8 million has also been transferred to the budget from other headings. The Minister's paper does not set out an explanation for the transfers of budget allocations and so the Committee asked for further details.

12. The Minister listed the transfers that had been reflected in the budget for core NHS services, telling the Committee:

“So, the social services grant, there's an additional £10 million this year that I've decided to add in (...) There's £20 million for the childcare offer that's been moved around. There's £5.5 million gone into Healthy Weight: Healthy Wales (...) There's nearly £5 million gone into national health protection services and an extra £3.5 million being invested in Flying Start. (...) that is additional money that's been transferred out.

And then there's more money going to Improvement Cymru, which is the next stage, the new 1000 Lives. And there's also money that's gone into adoption support. That's £2.3 million. I think that gets you to your £55-odd million figure. And there's also money that's gone into the mental health ring fence as well.”¹

Our view

13. The Committee explored with the Minister the level of detail set out in his paper, noting that it was important for its scrutiny to have as much detail as possible. The Minister said that he recognised the need to achieve a balance in providing the Committee with the level of detail needed to scrutinise the budget effectively, while not overburdening Members with unnecessary information.

14. Whilst the Committee accepts that there is a need to be proportionate with regard to the information that is included in budget documentation, the

¹ RoP, 15 January 2020, paragraph 128

Minister's paper could be clearer regarding the reasons for the transfers of funding between Budget Expenditure Lines (BEL) and their implications for services.

Recommendation 1. We recommend that the Welsh Government provides details of, and explanations for, the transfers between Budget Expenditure Lines (BELs) within the Health and Social Services MEG, and across other MEGs (where relevant).

Health boards' financial performance

15. The initial allocations for individual local health boards and Public Health Wales NHS Trust for 2020-21 were published in December 2019².

16. All but two health boards are forecasting that they will break even in 2019-20: only Betsi Cadwaladr and Hywel Dda are currently forecasting deficits again this year of £35 million and £15 million respectively. The total forecast deficit, £50 million, is significantly better than the reported position for 2018-19 (net overspend (or /deficit: £96 million). If health boards achieve their forecast financial position, over the three-year period, overall health boards would report a deficit of £313 million. This compares with £411 million for the previous three-year period.

17. However, the Board papers for Hywel Dda note that it is 'unlikely to achieve the end of year deficit' and all health boards – in the latest financial updates presented to Boards and Committees – report a year-to-date deficit. The aggregate year-to-date amount for all health boards is £57 million. However, the extent of the overspend (deficit) varies across health boards. The year-to-date overspend by Powys is £307,000. However, all other health boards report deficits in excess of £1 million. Those reported by Betsi Cadwaladr and Hywel Dda exceed £10 million (£27 million and almost £15 million for Betsi Cadwaladr and Hywel Dda respectively).

18. The Minister confirmed that it was his understanding that three health boards were not likely to balance their books – Betsi Cadwaladr, Hywel Dda and Swansea Bay:

“But regardless of whether it's three or four that don't, we do expect that there will be an overall deficit from those health boards and their

² [Health board allocations: 2020 to 2021](#), December 2019

budgets, and, as last year, we're looking to make provision within the overall budget to make sure that all those bills get covered and paid.”³

19. He said that if you compared the starting point at the beginning of this term to the current position, there had been real progress and improvement in financial discipline and performance, however “it still isn't where we want it to be.”⁴

20. When asked if he was comfortable that health boards were making appropriate use of funding, and that the funding was actually delivering the care he expected, the Minister told us:

“Broadly, yes, and the reason I say 'broadly, yes' is [] if you look at the quality of care and people's response to and their own experience of care, then we have very high satisfaction rates within the health service.”

... there's always got to be a view that there are some things that we could do better, and there are concerns about quality in parts of the system []. So, part of the drive to get on with this is not just to balance the books, as important that that is, but it's also because, in delivering better value with that money, we think we'll deliver better care as well.”⁵

21. The three health boards that are predicted to have a deficit at the end of the year - Swansea Bay, Hywel Dda and Betsi Cadwaladr - are in either targeted intervention or special measures. When asked if he thought this was having an impact on the financial positions of those health boards, the Minister told us that progress through each of the measures was not just about their finance function, but about the overall ability of the organisation to make use of their resources and to make progress.

22. In relation to Betsi Cadwaladr, the Minister said:

“...finances are more of a concern about that organisation's overall status than I would say with the other two, although we obviously want to see progress on those []. I don't think you can just draw a straight

³ RoP, 15 January 2020, paragraph 87

⁴ RoP, 15 January 2020, paragraph 89

⁵ RoP, 15 January 2020, paragraph 92

line between where they are in terms of their financial performance and where exactly they are in terms of the escalation framework.”⁶

23. He further confirmed that a special measures framework was in place in Betsi Cadwaladr to monitor and assess what progress had been made with the additional £83m provided for intervention and improvement support.⁷

24. The Minister said that while he did not think every health board would have an approved three-year plan by the end of the year, he would be “looking for every health board to make sure that over the next year it's got a plan for the future about what it wants to do, even if it doesn't yet have a three-year plan.”⁸

Our view

25. The continued inability of a number of health boards to manage their finances remains a cause for concern. Only three health boards are meeting both statutory financial duties - to achieve financial balance and to have an approved three year integrated medium term plan - which raises serious questions about how all health boards will be able to invest in and secure service transformation, given that specific transformation funding will end in 2021.

26. We are further concerned that four health boards are subject to escalation and intervention arrangements, with Betsi Cadwaladr having been in special measures since 2015. We are aware that £83 million has been provided to Betsi Cadwaladr over a three year period for intervention and improvement support. However, it is not clear how much money is being provided to support the remaining three LHBs in targeted intervention or what this money is being used for.

Recommendation 2. We recommend that the Welsh Government provides details of:

- the financial intervention support being provided to the four health boards with a raised intervention status;
- details of how this money is being spent, how this spend is being monitored, and how it is achieving value for money.

⁶ RoP, 15 January 2020, paragraph 96

⁷ RoP, 15 January 2020, paragraph 112

⁸ RoP, 15 January 2020, paragraph 104

Transformation

27. A two year, £100m Transformation Fund has been supporting the testing of new models of care in 2018-19 and 2019-20. The Minister has made clear that beyond this, service transformation must become a mainstream activity for all health and social care organisations, delivered using their core funding. The Welsh Government’s evidence paper states:

“The longer term future of the Transformation Fund is under consideration and further work will be undertaken in 2020 as part of the expected comprehensive spending review.”⁹

28. The Minister confirmed that the fund would finish at the end of March 2021, with the allocation of the remaining £11 million and a process for each partnership board to come up with a proposal for how to use that funding.¹⁰

29. When asked how he was ensuring that health boards allocated funding that was focused on transformation and not just maintaining existing services, the Minister told us:

“It's also going back to the plans as well. So, whether they have a one-year or a three-year plan, that isn't just about how we keep what we've got, it is about how we make sure that what we have is sustainable and meets the need that we have, and the partnerships that those health organisations have with others, not just through the regional partnership boards, because that comes back to the central message in the parliamentary review that our current services and the way that we deliver healthcare is not fit for the future and requires transformation and change.”¹¹

30. Regional Partnership Boards (RPBs) are the key drivers of transformation at a local level. The Minister told us that “it's about £180 million that regional partnership boards have oversight of spending at present, so it's a real material sum of money into the health and social care system”.¹²

⁹ Health, Social Care and Sport Committee, 15 January 2020, Paper 2

¹⁰ RoP, 15 January 2020, paragraph 158

¹¹ RoP, 15 January 2020, paragraph 164

¹² RoP, 15 January 2020, paragraph 169

31. We asked the Minister how effectively RPBs are operating across Wales, and whether all RPBs at the same stage of development. He said:

“There are differences in each one of them, and that's part of the encouragement - that you can look at different areas of transformation across the picture. And you do see a maturing of relationships. and I'm determined that, in the next year, we'll find more ways for regional partnership boards to continue making those choices together.”¹³

Prevention

32. A Healthier Wales¹⁴ describes a significant shift over time in the system's reliance on traditional hospital services, and a much greater focus on prevention.

33. The draft Budget documentation for 2019-20¹⁵ included an analysis of preventative spend in 2018-19, by prevention category, for the main portfolio MEGs. Although the draft Budget narrative for 2020-21 makes reference to a number of projects of a preventative nature, it does not include any similar analysis of preventative spend for 2019-20.

34. One of the Future Generations Commissioner for Wales' main areas of focus for budget scrutiny is prevention, and how the Welsh Government is using the definition of prevention to embed preventative approaches through its budget decisions and allocations.

35. We asked the Minister how much of the budget for 2020-21 was intended for preventative activity and how that compared to last year's budget, to which he responded:

“There's still something about how definitive you want to be and what is prevention and what isn't. But, last year, we thought the estimate was about 6 per cent and with some of the investment we're making that's more in the preventative space as well. So, the money we're investing in 'A Healthier Wales' is about transforming and making our system more sustainable. And that is about earlier intervention and prevention. The £10 million I mentioned earlier about the additional money into

¹³ RoP, 15 January 2020, paragraph 169

¹⁴ [A Healthier Wales](#): our Plan for Health and Social Care

¹⁵ [Draft Budget 2019-20](#): Detailed Proposals: October 2018

clusters: investing in primary care is broadly more preventative spend as well. And the additional money that we're putting into Flying Start.”¹⁶

36. He went on to say:

“On the baseline of what we think is preventative spend, Public Health Wales are doing some work to try and come up with that as well, and once that's completed, to give an idea about where we are, I'd be happy to share that with the committee, once we have an idea.”¹⁷

NHS Executive

37. In October 2018, the Public Accounts Committee identified a number of concerns relevant to the transformation agenda in Wales, through its monitoring of the implementation of the NHS Finance (Wales) Act 2014¹⁸. These mainly related to:

- Capacity and capability – It is not clear whether there is sufficient capacity and capability across NHS Wales to address current challenges, transform services and deliver changes at the pace needed.
- Investment in services – Some Health Boards have limited their investment in order to maintain financial balance or prevent their financial position from deteriorating. This short-term focus on financial targets may lead to future operational difficulties due to under-investment in services, and may ultimately undermine the ability of NHS bodies to transform their delivery of care.
- Savings - On the whole, NHS bodies are making savings through short-term schemes rather than securing efficiencies through longer-term modernisation and transformation of services. One-off savings made up 29% of the savings in 2017-18, and an increased percentage of savings (36.5%) were delivered in the final quarter.

38. In its response to the Public Accounts Committee¹⁹, the Welsh Government said that a new NHS Executive function (a commitment in A Healthier Wales)

¹⁶ RoP, 15 January 2020, paragraph 179

¹⁷ RoP, 15 January 2020, paragraph 185

¹⁸ [Implementation of the NHS Finance \(Wales\) Act 2014](#)

¹⁹ [Welsh Government response](#): 31 October 2018

would strengthen the system's ability to transform, including by bringing together existing capacity e.g. the NHS Collaborative and the Delivery Unit.

39. In response to questions about the progress in establishing the NHS Executive, the Minister's official confirmed that it was anticipated that the NHS Executive would be established by autumn 2020 (possibly in shadow form).

40. The Minister added that its establishment had been affected by the Brexit process:

“The 'no deal' scenarios really did interrupt it and at one point it was possible that the NHS executive would get shelved altogether for this term, depending on what happened with Brexit.”²⁰

Our view

41. Following last year's budget scrutiny, we raised concerns around the ability of health and social care organisations to mainstream service transformation activity, given the demand and cost pressures on them and the continuing failure of the majority of health boards to break even.

42. The position this year is not much better and as such, we remain concerned about capacity in all parts of the system to drive transformation at the scale and pace needed. We also question the extent to which all parts of the system are 'talking to each other' and whether there is a sufficiently joined-up, strategic approach.

43. We note the Welsh Government's intention to have improvement hubs across all organisations to raise the level of skills around transformation. We also note the Minister's comments about the maturing of the Regional Partnership Boards, which are key drivers of transformation at a local level.

44. In relation to prevention, and given the increasing focus in this area, it is disappointing that the [Future Generations Commissioner](#) describes having seen “limited evidence that Government have tried to apply the prevention definition across spend in systematic and robust manner”.

45. We note the work being undertaken by Public Health Wales to improve measurement of spend on prevention, and look forward to seeing the results of this work.

²⁰ RoP, 15 January 2020, paragraph 148

46. Overall, we are concerned that this budget fails to evidence a demonstrable shift towards mainstreaming prevention and service transformation. There is a need for the Welsh Government’s commitment to this agenda to be explicitly recognised in its spending decisions going forward.

Recommendation 3. We recommend that, in future budget rounds, the Welsh Government demonstrates how its funding allocations will support long term sustainable change in the delivery of integrated health and social care services. As part of this, we expect to see a greater strategic focus on transformation and prevention in the budget, and a clearer presentation of the funding allocated for prevention and transformation purposes.

47. In relation to the establishment of the NHS Executive, we take on board the Minister’s point about the impact of Brexit. However, given the anticipated role of the NHS Executive in providing the strong leadership and strategic direction needed to drive forward this important agenda, we are concerned that more progress hasn’t been made. We would welcome the Minister’s assurance that the necessary funding is in place and the establishment of the NHS Executive is on track to happen in the Autumn.

Recommendation 4. We recommend that:

- the Welsh Government takes a stronger position on driving the establishment of the NHS Executive, providing the necessary direction and resources to ensure it is in place by Autumn 2020.
- The Minister should report back to this Committee on progress within three months.

Primary care

48. 2017 research by the Nuffield Trust considered the extent to which moving care out of hospitals would save money, using evidence from a range of initiatives in England. The Nuffield Trust’s report concluded that, despite the potential of initiatives aimed at shifting the balance of care, it seemed unlikely that reductions in hospital activity would be realised unless significant additional investment was made in out-of-hospital alternatives.

“Many initiatives we examine place additional responsibilities upon primary and community care, at a time when they are struggling with rising vacancies in both medical and nursing staff, and an increasing

number of GP practices are closing. Addressing these issues is a necessary precursor to success.”²¹

49. In its scrutiny of last year’s draft Budget, a significant concern for the Committee was that the proportion of health boards’ spending which goes on primary care has remained broadly consistent over the last few years, suggesting that the shift in resources towards primary care (which had been at the centre of NHS policy for some time) was not being realised. On this point, the Committee stated:

“Given the policy focus on shifting care out of hospitals, we would have expected to see a significant increase in the level of spend on primary care, but the evidence we have seen shows that this is not happening. We believe this illustrates the challenges facing health boards in achieving service transformation, given the ongoing pressures they face in the acute sector for example.”²²

50. This point was not addressed in any detail in the Welsh Government’s response to our report.

51. During the Committee’s 2019 programme of general scrutiny of local health boards/trusts, we heard again that the pressure to meet performance targets in secondary care was a barrier to shifting more resources towards primary care/community services.

“... in reality, what we're finding at the moment is, whilst we are making some of that shift, we are still seeing that we're having to put resource into making sure we meet a lot of the access-time targets, which are generally secondary-care focused still.”²³ (Aneurin Bevan University Health Board, 11 July 2019)

52. In October 2019, the Auditor General for Wales’ report on Primary care services in Wales²⁴ found some evidence of a shift in resource towards primary care but that “change has not been at pace and scale”. Additionally, it found difficulty in measuring exactly how much is spent on primary care in NHS Wales. The Auditor General’s recommendations included the following:

²¹ Shifting the balance of care: Nuffield Trust, March 2017

²² Welsh Government Draft Budget 2019-20: November 2018

²³ RoP, 11 July 2019, paragraph 83

²⁴ Primary care services in Wales: October 2019

- The Welsh Government should consult with health boards, to agree an approach to clarifying and standardising the way that primary care expenditure is recorded and reported.
- The Welsh Government should work with health boards to evaluate, and if necessary, improve the effectiveness of the financial framework in supporting a shift in resources towards primary and community care.
- As part of the Joint Executive Team process, the Welsh Government should require health boards to report annually on their progress in shifting resources towards primary care. The coverage of these reports should not be limited to financial resources and should include other resources such as staff and services. Through this process, the Welsh Government should hold to account the entire executive team of health boards, not just the executive directors for primary care.

53. The Minister’s paper states that health boards are required to set out their proposals for investing in primary care and shifting care closer to home in their integrated medium term plans (IMTPs).

“Health boards submitted their integrated medium term plans in January 2019 setting out their intentions for the next three years. In the plans there was increasing evidence of all organisations routinely working collaboratively and in integrated ways with partners and stakeholders. (...) While there is still some way to go, it is apparent that the implementation of policies that support the shift from hospitals to primary and community care settings are taking hold. This is being further supported through cluster IMTPs that are feeding into health board strategic IMTPs.²⁵

54. From 2020-21 onwards, health boards will be required to submit specific reports setting out progress on their plans to move services and resources into the community (reflecting the Auditor General’s October 2019 recommendation).

55. To reduce hospital activity, additional investment is needed in out-of-hospital alternatives. However, as noted above, the report of the Auditor General found that, although there was evidence of a shift from secondary resources into primary resources, it was very difficult to measure exactly how much was being spent on primary care in NHS Wales. We discussed with the Minister the need for a clearer definition of primary care, which captures all relevant activity in community

²⁵ Health, Social Care and Sport Committee, 15 January 2020, Paper 2

settings not just services provided by contractors such as GPs. The Minister's official said:

"I think sometimes when we are defining 'primary care', it inevitably comes back to the contractors, whether that's the GPs or the dentists. I don't think we're always capturing the district nursing and community nursing figures, for example, that are held within health boards. I look at the expansion of frailty services as alternatives to hospital admission that has happened across Wales, and they fit in the primary care sphere, but they aren't necessarily captured by the technical definition of 'primary care' as well."²⁶

56. We also asked what progress had been made with health boards clarifying and standardising how they record their expenditure on primary and community services. In response, the Minister's official said:

"In terms of the health board accounts, they absolutely have to report their spend on primary care. Unfortunately, they report it net of prescribing, because obviously GP prescribing is quite a big element. If you look at the last four years in terms of the reported position in the LHB accounts, the spend on primary care has grown around about 15 per cent; so, in the accounting definition and what they report to us, there is a growth in their spend on primary care."²⁷

57. The Minister's official went on to say:

"We are increasing our measurement of outcomes in a number of key areas. We are the only UK country now part of the OECD study [], which is trying to measure outcomes in primary care. There are no agreed internationally validated outcomes for primary care. And obviously, as we're starting to shift these resources, we want to see that they're very visible in terms of people and services. The more important bit is evidencing that they are actually driving better outcomes. We all believe they will, but we need to make sure that we measure it."²⁸

58. When asked who was leading the drive for better outcomes – the health boards or the clusters, the Minister said:

²⁶ RoP, 15 January 2020, paragraph 194

²⁷ RoP, 15 January 2020, paragraph 203

²⁸ RoP, 15 January 2020, paragraphs 203-206

“Part of the point about having clusters is their understanding of their local population and wanting to actually address local need. So, it's not simply one or the other, because the board has got the whole-population responsibility. So, they can't say, 'We divest ourselves of our responsibility for the differing level of need within the organisation.' Healthcare inequalities are an essential part of the 'A Healthier Wales' plan and actually actively addressing those.”²⁹

59. Finally, we asked when the first reports from health boards on their progress in shifting resources towards primary care, as recommended by the Auditor General, would be available. The Minister’s official said that work was underway and he would provide a written update on the current position.

60. The Minister confirmed that the capital budget included the third tranche of funding to deliver a pipeline of primary and community care projects as part of the implementation of the Taking Wales Forward commitment to invest in a new generation of integrated health and care centres. He went on to say:

“There's a deliberate need to move ahead with what's the next stage of reshaping the estate in primary care. And there are some difficult questions there where people own buildings themselves []. ...it's about 'de-risking' primary care for people who work in it, so that it's more sustainable, and making sure that we still have a bargain between the state, the taxpayer, the people who need the service and the people delivering it. Resolving some of the issues around the estate is part of that as well.”³⁰

61. As part of this pipeline, 19 primary and community care projects across Wales had already been announced. The Minister agreed to provide details of the stage of each project.

Our view

62. With the increasing emphasis on keeping people out of hospital and providing care closer to home, the ability to measure exactly how much is being spent on primary care by NHS Wales is essential. It was therefore disappointing that the Minister did not have this information available, although we welcome his commitment to provide it to the Committee in the future.

²⁹ RoP, 15 January 2020, paragraph 210

³⁰ RoP, 15 January 2020, paragraph 217

63. We wish to see greater clarity about the funding for primary care and community activity within the information provided in future budget rounds to enable us to see more clearly how funding is supporting the shift in resources.

64. Ensuring the primary care estate is fit to support the delivery of more care outside hospitals is an essential element in providing care closer to home. The Committee therefore welcomes the funding for the 19 primary and community care projects to help drive forward this objective.

Recommendation 5. We recommend that the Welsh Government makes the following information available to the Committee:

- the spend on primary care in NHS Wales in 2019-20 and the definition of primary care to which this relates;
- the reports from the health boards providing an annual update on their progress in moving resources towards primary care;
- progress reports on each of the 19 primary and community care projects due to be delivered across Wales by 2021.

Recommendation 6. We recommend that the Welsh Government provides greater clarity in future budget rounds about the funding for primary care and community activity to show how that funding is supporting the shift in resources.

Adult social care

65. For 2020-21, the overall provisional Local Government Settlement, which constitutes the main source of Welsh Government funding for local authorities, is a cash increase of 4.3% compared to 2019-20. Increases for the 22 individual local authorities range from 3.0 to 5.4%. In real terms, the overall settlement represents a 2.4% increase.

66. The total provisional revenue funding for local authorities in Wales in 2020-21 is £4.5 billion, an increase of £184 million from 2019-20. The provisional Settlement also includes £198 million general capital funding, an increase of £15 million over that announced in the Final Budget for 2019-20.

67. The Settlement is unencumbered. In recent years, social services represents the second largest area of local authorities gross revenue expenditure³¹ (23% in 2018-19). Education represents the largest area (33% in 2018-19).

68. This year's increase in funding for local government has been welcomed³², although how far it will go towards improving the sustainability of social care services is yet to be seen. There remain concerns about the social care workforce and the fragility of current services. The disparity between the health and social care workforce (terms and conditions of employment, esteem) was a key concern for the Committee when scrutinising last year's Budget, and the Welsh Government's response at the time did not clearly address this issue.

69. The question of how to achieve whole scale reform of the social care funding system has been debated at both a Welsh and UK level for decades. A succession of inquiries, commissions, Ministerial groups and reports have examined options and proposed alternative models for funding and charging for social care.

70. Maintaining a sustainable system of care is challenging, given Wales' ageing population and the increasing number of people with care and support needs arising from both physical and mental health conditions. A 2016 report by the Health Foundation³³ noted that fully funding adult social care pressures in Wales would require an extra £1.0 billion by 2030/31, with costs rising from £1.3 billion in 2015/16 to £2.3 billion in 2030/31.

71. Finding a solution to this financial challenge is a pressing issue. The Welsh Government is exploring ways to raise additional funding for social care. The Inter-Ministerial Group on paying for social care is considering the introduction of a levy, with an initial 'feasibility' assessment being undertaken in the first half of this year. If such a mechanism is introduced, engaging with the public/service users about their future expectations of care may be increasingly important. The Finance Committee's October 2018 *Cost of caring for an ageing population* report concluded that any social care funding reforms need to be accompanied by a 'national conversation' about the standard of care the public wants.

“Before deciding to introduce a levy to raise additional funding for social care from the population of Wales, the Welsh Government will need to be able to justify how the any funds raised will be used and be

³¹ [Local authority revenue and capital outturn expenditure: April 2018 to March 2019](#)

³² [First significant funding increase in 12 years welcomed by WLGA](#)

³³ [The path to sustainability](#): October 2016

able to demonstrate that it will make a difference. This should include explaining what level of care the public could expect in return for their contributions since it is unlikely that they would support proposals to pay more if the level of care is the same as it is at present.”³⁴

72. The Minister confirmed that he would be making a statement shortly on the progress being made by the Inter-Ministerial Group in developing models and options for reforming the social care funding system.

Third sector funding

73. A number of Members had been approached by third sector organisations whose funding through the Sustainable Social Services Third Sector Grant had been stopped.

74. This issue had been raised with the Deputy Minister the previous week during the Children, Young People and Education Committee’s scrutiny of the draft budget, when she had given an undertaking to look into the issue.

75. The Deputy Minister told us:

“I absolutely agree with you about the importance of the third sector and the importance of this grant, and I can assure you the Government is totally committed to the third sector, but the sum is finite, and that is the problem. We had [] double the number of valuable applications that we could have filled. We have been able to increase the grant. It stands at £21 million, but it's going up to £25.9 million over the next three years, which shows the commitment of the Government to this sector. This year, there will be a £1.2 million rise.

But in terms of the number of applications, it's obviously very difficult to actually choose the ones that are actually going to have the grant []. But we are very aware that there are implications for those that don't have the grant. [] the funding was only granted for a certain period of time. And so, we're looking at each organisation that has not been successful; they will all be offered interviews to discuss it.”³⁵

³⁴ Cost of caring for an ageing population: October 2018

³⁵ RoP, 15 January 2020, paragraphs 249-250

Integrated Care Fund

76. The draft Budget for 2020-21 includes £129 million for the Integrated Care Fund (ICF). This includes £89m revenue from the Health and Social Services MEG and £40m capital from the Housing and Local Government MEG.

77. First established in 2014-15 as the Intermediate Care Fund, the ICF now focuses on driving/enabling integrated working between social services, health, housing, third sector, and independent providers. The Welsh Government allocates the fund on a regional basis, but it is then up to each Regional Partnership Board to decide how to use it.

78. A July 2019 Wales Audit Office report³⁶ examined how effectively the ICF was being used to deliver sustainable services and achieve better outcomes for service users. It concluded that the fund has had a positive impact in supporting improved partnership working and better integrated health and social care services. However, aspects of the way the ICF has been managed at national, regional and project levels have limited its potential to date. There is little evidence of successful projects yet being mainstreamed and funded as part of public bodies' core service delivery. Furthermore the Fund's overall impact in improving outcomes for services users remains unclear. The report also found that the Welsh Government had not set any specific expectation on how to capture information about outcomes.

79. In response, the Deputy Minister told us:

“We did find the WAO report very useful, and I think what it did highlight so strongly was the development in partnership working. I think that has been really a transformation in terms of the way that projects have been developed, because they've been done jointly.

We have got a lot of examples of how projects have developed and then have been scaled up to operate across a region. For example, the Stay Well at Home project in Cwm Taf, which, following a great deal of success under the ICF, now operates across the whole region. So, there are examples [] of that in the ICF funding. But, obviously, we need more of the development of the scaling up.”³⁷

³⁶ Integrated Care Fund: July 2019

³⁷ RoP, 15 January 2020, paragraphs 236-237

80. The Deputy Minister went on to say that evaluation of projects takes place at a local level, and she would shortly be publishing an annual report of the ICF funding.

81. In terms of upscaling projects to a national level, the Minister's official said there was some evidence of issues beginning to be discussed across the regions. As part of this, the Welsh Government said the intention is to use the local communities of practice to bring together practitioners, clinicians and colleagues at the heart of projects, and then spread this out into national learning events. This 'national learning' will then inform work with Regional Partnership Boards to deliver, at a national level, those initiatives that have proved successful. He went on to say:

"In Wales, sometimes, we unfortunately wish to call a similar thing by a different title. There really is a great deal of commonness in terms of approaches, but often they're labelled as something different in different areas, and perhaps we need to examine that at the heart of what we do as well."³⁸

82. When asked how the Integrated Care Fund aligned with other short-term funding streams, like the transformation fund, and the sustainable social services third sector grant, the Deputy Minister told us:

"... they're all focused on creating integrated seamless services that are preventative in nature and that will deliver better outcomes for service users. They are complementary to each other, but each one has its own unique component. The ICF was initially designed to support new models of delivery, the transformation fund is focusing on accelerating and upscaling transformational models and approaches, and the social services grant is specifically focused on supporting the third sector to play [] its very valuable role in delivering health and social care in the wider system."³⁹

Our view

83. A recurring theme throughout our inquiries in this Assembly has been the need for a long-term, sustainable and streamlined funding arrangement for third sector organisations to enable more effective planning resulting in sustained and consistently delivered services. We have advocated that funding be provided on a

³⁸ RoP, 15 January 2020, paragraph 243

³⁹ RoP, 15 January 2020, paragraph 246

three-yearly basis as a minimum and have urged the Welsh Government to move towards this as a matter of priority.

84. It is therefore extremely disappointing to hear from a number of organisations, who are providing vital services to some of our most vulnerable groups, that their funding will not be renewed from April 2020. We understand that there is only a finite amount of resource available but without these groups supporting the health and social care service, the implications for the public purse would be considerable.

85. Further, we are concerned about the level of Ministerial oversight of decisions taken in relation to funding for the third sector, given the significant impact on people who use these services.

86. More generally, the Welsh Government needs to take a wider look at the funding being provided to third sector organisations who deliver health and social care services to ensure that it represents a fair and proportionate settlement from the public bodies funded to provide such services.

Recommendation 7. We recommend that the Welsh Government provides details of:

- how the budget process captures the contribution of the third sector in delivering services;
- how the impact of withdrawing funding for services previously funded via the Sustainable Services Third Sector Grant has been measured;
- what arrangements are in place to mitigate the effects of the withdrawal of these funds.

Recommendation 8. We recommend that the Welsh Government examines the funding arrangements for third sector organisations that deliver health and social care services, to ensure they are receiving a fair and proportionate settlement from the public bodies funded to provide such services.

Workforce

87. The Minister's paper states:

“For the sixth consecutive year funding to support health professional education and training in Wales will increase. £127.8m will be invested in 2020/21, this equates to a 13% increase from 19/20 which is an extra

£15m for education and training programmes for healthcare professionals in Wales.

This is a record level of funding and will support the highest ever number of training opportunities in Wales. Over the past five years training places for nurses have increased by 54.8% and midwives have increased by 71.2%. The overall NHS Wales workforce has grown by 10.4% over the last five years. In addition we will be investing another £1.4m to support 47 additional Medical Postgraduate training places.”⁴⁰

Workforce strategy

88. Health Education and Improvement Wales (HEIW) and Social Care Wales (SCW) are jointly leading the development of a workforce strategy for health and social care, the main aim of which is to ensure that by 2030:

- the right workforce will be in place to be able to deliver flexible and agile health and social care that meets the needs of the people of Wales.
- the workforce will be reflective of the population’s diversity, welsh language and cultural identity, with the right values, behaviours, skill and confidence to deliver care and support people’s wellbeing as close to home as possible.
- there will be a workforce that feels valued.

89. The strategy intends to set the direction for the next ten years with some clear, high-level actions and will be supported by a series of implementation plans.

90. The Minister confirmed that even though HEIW and Social Care Wales had been commissioned by the Welsh Government to develop the strategy, ultimately ownership of its implementation and delivery would fall to him.⁴¹

⁴⁰ Health, Social Care and Sport Committee, 15 January 2020, Paper 2

⁴¹ RoP, 15 January 2020, paragraph 272

5. Mental Health

- 91.** The Welsh Government's detailed proposals document highlights that:
- A further £13 million is being invested in mental health services to support delivery of A Healthier Wales, bringing the total ring-fenced allocation to more than £700m in 2020-21.
 - £500,000 of this extra funding will provide counselling and emotional support for schoolchildren under the 'whole school approach'. Together with an additional £2 million from the education budget, this brings the total funding for the whole school approach to £5 million in 2020-21.
 - An extra £2 million each is being provided for Higher Education and Further Education to build on their support services for students, staff training and innovative approaches in supporting mental health, wellbeing and additional learning needs.
 - Welsh Government will also maintain its £2.5 million investment in identifying and supporting young people with mental health and emotional well-being issues through the Youth Service. This funding will continue to be allocated to local authorities through the Youth Support Grant in 2020-21.

Together for mental health delivery plan

92. The draft Together for Mental health delivery plan for 2019 to 2022⁴² was consulted on in July and August 2019.

93. Since undertaking our budget scrutiny on 15 January, the Welsh Government has published the Together for Mental Health Delivery Plan: 2019-22⁴³. The Delivery Plan sets out a number of high-level outcomes aimed at achieving a significant improvement to both the quality and accessibility of mental health services for all ages. It further notes that delivery of these priorities are dependent on a number of overarching workstreams.

⁴² [draft Together for Mental Health delivery plan 2019-2022](#)

⁴³ [Together for Mental Health Delivery Plan 2019-2022](#)

94. The priority areas for action, as set out in the delivery plan, are:

- Improving mental health and well-being and reducing inequalities;
- Improving access to support for the emotional and mental well-being of children and young people;
- Further improvements to crisis and out-of-hours provision for children, working age and older adults;
- Improving the access, quality and range of psychological therapies for children, working age and older adults;
- Improving access and quality of perinatal mental health services; and
- Improving quality and service transformation.

95. When asked about the accountability of health boards in delivering the priorities set out in the plan, the Minister told us:

“We've increased the ring fence [] so there's money, and I don't expect health boards to be in a position to say that they need extra money to be able to deliver the plan. If they did do that, then they wouldn't find a great deal of sympathy from me, because we've put more money into the service, more money into the ring fence. On the delivery plan, they've taken part in a conversation about what they want to do, and it's about our ability to work not just in within the service, but with other partners too.”⁴⁴

96. Given the strong link between deprivation and suicide, we asked the Minister how the additional spending on mental health services would address these inequalities.

97. The Minister responded that he expected to see more progress made on both suicide prevention and support for those bereaved through suicide:

“You'll be aware of the reviews we had on the current level of support that exists, and we'll want to see choices made about that. Some of that will be things that we may direct ourselves, as well as what we expect people to do within the ring fence. But I wouldn't want to try and say that I can tell you a specific sum of money here that I have

⁴⁴ RoP, 15 January 2020, paragraph 280

decided will go into that, because I don't think we're there yet in terms of wanting to say, 'Here is a deliberate approach about the things that we will direct rather than what we expect health boards to do within that broader mental health allocation'."⁴⁵

Perinatal mental health

98. In October 2017, the CYPE Committee undertook an inquiry into perinatal mental health. As part of that inquiry, the Committee heard that since 2013 there has not been a Mother and Baby Unit (MBU) in Wales. Women requiring in-patient care in Wales after giving birth either face admission to an adult psychiatric ward without their baby or treatment out of area at an MBU in England. The CYPE Committee therefore recommended that the Welsh Government establish a Mother and Baby Unit in south Wales, commissioned and funded on a national basis to provide all-Wales services, staffed adequately in terms of numbers and disciplines, and to act as a central hub of knowledge and evidence-based learning for perinatal mental health services in Wales.

99. We asked the Minister what progress had been made in setting up this specialist unit.

100. The Minister said there had not been as much progress as he would have liked but he had given a commitment to the CYPE Committee to keep them updated and he would share that information with this Committee.

Our view

101. We remain concerned that there is still a lack of parity between mental and physical health, and the way in which they are supported. As we noted in our report into suicide prevention in Wales – *Everybody's Business* – it is unacceptable that mental health services are not prioritised in the same way as physical health. We therefore recommended in that report that the Welsh Government take all necessary steps to ensure parity between mental and physical health services.

102. We are also concerned about the Committee's ability to effectively scrutinise spend on mental health, given the lack of a detailed breakdown of the ring-fenced allocation and the inconsistency in the way health boards collect and provide information.

⁴⁵ RoP, 15 January 2020, paragraph 288

Recommendation 9. We recommend that the Welsh Government provides a breakdown of the £700m ring-fenced allocation for mental health.

Recommendation 10. We recommend that the Welsh Government provides an update on actions taken to achieve parity between mental and physical health.

103. We further noted in *Everybody's Business*, that rates of suicide and self-harm among children and young people are alarming, and it is clear that a concerted effort is needed to ensure that school staff are equipped to provide support to those who need it. We therefore welcome the extra funding to provide counselling and emotional support for schoolchildren under the 'whole school approach'.

104. However, we are aware of the concerns raised by the CYPE Committee about the appropriateness of traditional school counselling for younger children, and the need for initiatives that are rolled out in schools to be based on good evidence and best practice. We therefore endorse that Committee's recommendation "that the Welsh Government provide assurances that, if there is insufficient evidence for the roll out of traditional school counselling to primary schools, the available resources will be used towards interventions proven to be effective in the primary school setting" [Recommendation 6].

105. Similarly, we note the concerns of the CYPE Committee regarding the lack of progress in setting up a specialist mother and baby unit and support their call for the Welsh Government to announce its intentions in relation to specialist mother and baby unit provision in Wales by the end of the 2019-20 financial year [Recommendation 3].

6. Sports and physical activity

106. 'Sports and Physical Activity' is an action within the 'International Relations and the Welsh Language' Main Expenditure Group (MEG).

107. The Deputy Minister for Culture, Sport and Tourism has responsibility for elite sports and national strategy/policy for community sport, physical activity and active recreation in Wales.

108. Welsh Government funding for sport is channelled through Sport Wales, which is the national organisation responsible for developing and promoting sport and physical activity in Wales. Sport Wales is the main adviser on sporting matters to the Welsh Government and is responsible for distributing National Lottery funds to both elite and grassroots sport in Wales.

Setting priorities

109. The Deputy Minister's evidence paper⁴⁶ states that Sport Wales has revised its approach to business planning. Although it will continue to produce an annual plan, its new approach is intended to be more reflective and adaptive to changing needs and circumstances. This ties in with its revised vision and strategy which will focus on a person-centred approach, aiming to ensure that resource is used to make sport accessible for everyone throughout their life.

110. Sport Wales' latest Business Plan for 2019-20 sets out its ambitions and priorities and indicates that it will:

- Sustain and grow opportunities for people to regularly take part/compete in sport;
- Develop opportunities with others for people less active;
- Advocate and influence sport across different sectors;
- Encourage partners to take a long-term, ethical approach to athlete development
- Support Wales to perform successfully on the world stage;
- Develop capability, capacity and confidence;
- Focus on young people's physical activity, and
- Be insight-driven in all the work they do.

111. The priorities for sport and physical activity are presented in the three-year remit letter⁴⁷ from the Welsh Government to Sport Wales (2018 - 2021) and are aligned with the commitments and outcomes made within Sport Wales' Business Plan. The key outcomes include:

- More people meeting the Chief Medical Officer's physical activity guidelines;
- More people undertaking sport and physical recreation on three or more occasions per week;

⁴⁶ [Health, Social Care and Sport Committee, 15 January 2020, Paper 1](#)

⁴⁷ [Sport Wales remit letter: 2018 to 2021](#)

- An increase in sport and physical recreation participation by those most in need or disadvantaged, and
- A system that delivers continuous elite sport success while ensuring the safety, well-being and welfare of all sportsmen and sports women.

112. The Deputy Minister told us that it was the Welsh Government's objective to get more people in Wales involved in physical activity, and to facilitate that by providing a greater choice of different sports:

“So, the emphasis is then for people to be able to make a choice of their preferred activity, and that hopefully will help to increase the percentage that undertake physical activity. National surveys show that some 60 per cent of the people of Wales undertake some physical activity at least once a week. Well, that's not enough, obviously, but 32 per cent do nothing. So, we need to tackle that.”⁴⁸

Allocations for 2020-21

113. In the Welsh Government's draft budget 2020-21:

- £22.7 million revenue funding is allocated to sports and physical activity. £22.6m of this is for Sport Wales and as part of this allocation, an additional £0.475m has been allocated in 2020-21 to support pay and pension pressures.
- There is a separate Budget Expenditure Line (BEL) of £157,000 for 'Support for Sport', which is available for direct commissions, pilots or research. This is a reduction of £95,000 from 2019-20. The Deputy Minister's evidence paper states that as part of the detailed planning for the International Relations and Welsh Language MEG this transfer of £0.095m was to support wider priorities within the portfolio. Also, the allocation includes non-cash provision of £0.779m for depreciation.
- In relation to the capital budget, £3.3m has been allocated to Sport Wales in 2020-21, which includes an additional allocation of £3m for the Strategic Sports Facilities Fund to further improve sport facilities across Wales.

⁴⁸ RoP, 15 January 2020, paragraph 6

114. We asked the Deputy Minister what priorities he wanted to see delivered as a result of the additional £3 million funding for the Strategic Sports Facilities Fund and how this would be monitored and evaluated. He told us:

“I'm very keen to ensure that our statutory bodies, where they exist within my department, undertake that work for us, and this is why, in the important decisions that we've had to make about sport funding during the last two years, all the activity is monitored by Sport Wales [] and they have given us detailed analysis of the effectiveness of the spend [].

But I think it's important to work using the arm's-length principle wherever possible, because Sport Wales are our expert body on delivery, and when they make recommendations to me as Minister, I generally tend to implement them.”⁴⁹

115. When asked if any current projects would cease to be funded as a result of the reallocation of £95,000 from the ‘Support for Sport’ Budget Expenditure Line, the Deputy Minister told us:

“I don't make the decision on individual projects of that kind—that is for the sports council, if the funding is directed through them.”⁵⁰

116. The Deputy Minister’s official subsequently confirmed that no projects would cease as a result. He said:

“The particular budget line [] is one that's held within the department for individual opportunities and projects that might arise during the year. The overwhelming majority of the funding goes to Sport Wales.”⁵¹

117. In January 2019, the Deputy Minister announced that an additional £5m in capital funding would be allocated to Sport Wales in 2018-19 to help sports clubs and organisations in Wales improve and upgrade their facilities. This funding was divided up by Sport Wales in order to benefit a range of projects. £1m was used to launch the 'Place for Sport' fund in April 2019 which was allocated for public bids to help boost community sport facilities in Wales.

⁴⁹ RoP, 15 January 2020, paragraph 20

⁵⁰ RoP, 15 January 2020, paragraph 11

⁵¹ RoP, 15 January 2020, paragraph 14

118. In a seven-week application process, there were 318 applications requesting grant assistance totalling £15.1m. There were 121 successful applications across 26 sports and 22 local authority areas.

119. The Deputy Minister's official confirmed that where projects had had to be prioritised, Sport Wales had been asked to focus on community sports facilities to ensure the money was spread across a range of different sports and geographically spread as well.

120. He added that Sport Wales was currently going through a process of analysing where the overdemand came from, and would be planning future spend in light of that.

Joint working/ cross-Government approach

121. The Welsh Physical Activity Partnership has been created through a joint partnership with Public Health Wales, Sport Wales and Natural Resources Wales, aiming to support and drive forward partnership working across physical activity, including active recreation.

122. The Deputy Minister's paper states that the partnership will host a national conference in the spring to bring partners together in order to develop a national action plan and next steps. In the meantime the partnership is working on a number of key priorities to improve data and behavioural approaches through the development of a Physical Activity Observatory, developing joint communications and campaign work and looking to integrate the Welsh Government's three school programmes through dragon sports, the Welsh Network of Healthy Schools and Eco Schools in order to offer a comprehensive physical activity offer which will support the new curriculum.

123. The Deputy Minister told us:

“... what I'm trying to do is to ensure that there is a strong partnership, through [] the Welsh physical activity partnership, [] that these bodies work together so that we have access now to the budgets that are there for the enjoyment of the natural environment as well as physical sporting activity, along with the preventative health agenda.”⁵²

⁵² RoP, 15 January 2020, paragraph 24

124. He went on to say that while this strategic approach was not yet fully developed, he was determined that it would happen:

“So, I'm looking to see a more substantial piece of work that will bring us recommendations in Government later this year so that we can then organise our budget priorities for the next financial year and beyond on the basis of collaborative activity in order to encourage physical activity in the population in Wales. That's my priority.”⁵³

Healthy and Active Fund

125. The Healthy and Active Fund, launched in July 2018, is a partnership between the Welsh Government, Sport Wales and Public Health Wales. The Fund will provide £5m over three years and projects must demonstrate that funding can be sustained into the third year and beyond. The 17 projects that will benefit from the Fund were announced in July 2019.

126. The Deputy Minister's evidence paper states that the Healthy and Active Fund aims to stimulate collaborative working across communities that will have long-term sustainable benefits. Projects are attempting to change the long-term behaviour of people who are currently inactive or have low levels of activity to improve their physical and/or mental wellbeing. Most projects are specifically aimed at enabling and supporting older people, children and young people to be physically active.

127. The Deputy Minister outlined a number of projects provided through the fund, including intergenerational gardening, exercise classes for people in care homes, and training and qualification placements for young people aged 14 to 19 to become play ambassadors in a neighbourhood and in the younger school cohort.

Equality of access

128. The Deputy Minister's official told us that there were a number of priorities that Sport Wales were being asked to tackle on equality of access and outcomes. He said:

“I think, after two or three years of significant increase in overall activity levels, that's plateaued a little. But interestingly, the last survey showed that participation amongst BME communities and other protected

⁵³ RoP, 15 January 2020, paragraph 24

characteristic cohorts has improved, so I think we are making some progress. There's an awful long way to go, but we are making some progress.”⁵⁴

129. The Deputy Minister also suggested that the Healthy and Active Fund was helping to address the issue of inequality of access:

“... fund money has been targeted at organisations that actively promote and enable healthy activity from groups that we are encouraging our implementation bodies to work with: children and young people; people with a disability or a long-term illness; people who are seen as economically inactive or live in areas of deprivation; and older people, especially around the age of retirement.”⁵⁵

Free Swimming

130. A review of Wales’ free swimming initiative published its report⁵⁶ in July 2018. The free swimming programme aimed to increase participation in swimming among young people (aged 16 and under), and older people (aged 60 plus). Free swimming is funded by the Welsh Government and delivered by local authorities. Since 2005 it has been managed by Sport Wales. As described in the review report, £3m was provided annually, as a ring-fenced element of Sport Wales’ grant in aid funding from the Welsh Government.

131. The review estimated that the actual cost of providing free swimming is a maximum of £1.5m per annum. This equates to half of the grant provided to local authorities. The review stated that, in practice, many local authorities had come to rely on the grants as an income stream, and that it was very difficult to link actual expenditure to performance and results.

132. In September 2019, the Deputy Minister for Culture, Sport and Tourism wrote to all Assembly Members with an update on the scheme. Following the independent review, Sport Wales was told by the Welsh Government that young people and older people over the age of 60 from areas of deprivation were to be prioritised under the revised initiative. A minimum requirement for local authorities and their delivery partners was set requiring them to provide a free splash session to young people each weekend, in every local authority-run pool. Further to this, during the summer holidays, each pool will also be expected to

⁵⁴ RoP, 15 January 2020, paragraph 48

⁵⁵ RoP, 15 January 2020, paragraph 44

⁵⁶ [Free Swimming in Wales: A Review 2018](#)

deliver two free sessions during the week to complement the weekend session. These sessions should also be held at times that suit young people and their families to make it more likely for them to utilise the service.

133. Over 60s remain a target audience. Local authorities and their delivery partners are expected to find ways to best cater for this audience and create offers that meet with their needs. This will include a free swim option, but it may also include subsidised swimming and/or multi-sport offers.

134. The change will mean that under the revised initiative some over 60s in areas across Wales may not be able to access their usual sessions and in some cases, may need to pay a subsidised amount for sessions. Although a free swim option will remain.

135. From April 2020, funding will be reduced to £1.5m per annum.

136. The Deputy Minister told us that the decision to reduce the funding had been made on the advice of Sport Wales, as only 6 per cent of over-60s were benefiting from free swimming, and he did not believe this was a good use of public resource:

“Sport Wales are working very hard with our local authorities and with the WLGA [] to try to increase the choice available in communities [] so that people who don't want to go swimming will see that they can do simple things like running or walking or going with walking groups. I've spent a lot of time with different walking groups throughout Wales, which seems to me to be ideally suited to the needs of the elderly population.”

137. Members raised a number of concerns in relation to the reduction of the free swimming funding, including:

- whether the Welsh Government had looked at the reasons for the low take-up and how it could be improved before taking the decision to reduce the funding;
- how the reduction in funding would actually deliver an increase in people's activity when it was reducing the options available to them;
- whether any estimate had been made of the implications to swimming more generally;
- when an evaluation of the changes that had been introduced as a consequence of the funding reduction would be available; and

- when an evaluation of whether there had been an increase in uptake of other activities as a consequence of the changes would be available.

138. In response, the Deputy Minister said that he did not believe that the opening out of the funding to a broad range of physical activities would actually result in a reduction in physical activity. He suggested that while there might be a change in the way people chose to undertake activity, he was not convinced that it would result in the diminution of the overall participation of the population, particularly the over-60s, in physical activity.

139. The Deputy Minister's official added:

“... one seventh of all the money we gave for Sport Wales was being used on the free swimming initiative, in addition to the money that Swim Wales would have got as the national governing body from Sport Wales. So a significant proportion of the total Welsh Government budget for sport was going into this initiative. It delivered for 6 per cent for over-60s who used it, and an increasingly small number of under-16s who used it. Half of that money has been retained for free swimming. The priority has been given to local authorities to address, particularly young people from disadvantaged communities—and it comes back to the previous question that we had on equality of access—but also to retain a free swimming offer.”⁵⁷

140. He went on to say that the scheme is ultimately being delivered by local authorities as they own the pools and while some local authorities had responded very imaginatively, others had reacted by slashing provision. Sport Wales were in the process of working with local authorities to understand why some had reacted in a different way to others.⁵⁸

141. The Deputy Minister's official further advised that:

“We are working with the health department at the moment to jointly use some of the money that we will repurpose to come up with a wider physical activity offer for over-60s. And the Deputy Minister and the Minister for Health will make some announcements on that shortly.”⁵⁹

⁵⁷ RoP, 15 January 2020, paragraph 59

⁵⁸ RoP, 15 January 2020, paragraph 60

⁵⁹ RoP, 15 January 2020, paragraph 62

142. With regard to the evaluation of the changes, the Deputy Minister said:

“... we're working with them [Sport Wales] on this, and when we have that information, we will publish it, obviously. You can have a debate on it. I want people to discuss the priorities that we've decided on, but so far, I'm absolutely convinced that the move towards widening participation of physical activity requires a greater choice, and it wasn't about funding one particular activity over others.”⁶⁰

143. The Deputy Minister's official confirmed that he would expect an initial review to be undertaken after six months with a further one taking place after 12 months.

Our view

144. The Committee recognises that Sport Wales has a clear role to play in helping to develop and promote sport and physical activity in Wales. However, we did not get a strong sense of accountability and oversight on the part of the Welsh Government, particularly in terms of collaborative working and the accountability of Sport Wales. While we would not want to see micro-management of Sport Wales, we do believe that the Welsh Government needs to show greater involvement in terms of what is being delivered as a result of the funding allocated to Sport Wales and how this is being monitored.

Recommendation 11. We recommend that the Welsh Government provides assurances that there is appropriate political oversight of Sport Wales and its operation.

145. The positive impact of physical activity on people's health and wellbeing is widely accepted, and the ability of people to engage in regular physical activity is directly relevant to the prevention agenda. However, this message did not come through strongly in the Welsh Government's draft budget and we believe this is a missed opportunity.

Recommendation 12. We recommend that, given the significance of increasing participation in physical activity to the prevention agenda, the Welsh Government demonstrates a greater commitment to this in next year's budget round.

⁶⁰ RoP, 15 January 2020, paragraph 66

146. We recognise and agree with the need to ensure value for money in public spending. One of the Welsh Government's priorities is to get more people active at every stage of their life, however, we were not able to get a clear understanding of how the £1.5 million taken from the free swimming budget will be reallocated to increase the range of physical activities available.

Recommendation 13. We recommend that the Welsh Government should undertake and publish an evaluation of participation rates in the revised free swimming initiative within 12 months of its introduction.

Recommendation 14. We recommend that the Welsh Government should undertake and publish an evaluation of:

- what additional activities have been provided with the £1.5 million that was previously allocated to the free swimming initiative;
- what the participation rates have been. This should be done within 12 months.