

## **Written Response by the Minister for Health and Social Services and the Deputy Minister for Culture, Sport and Tourism to the report of the Health, Social Care and Sport Committee entitled Welsh Government Draft Budget 2019-20**

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The Welsh Government welcomes the Committee's report on the Health and Social Services draft budget plans for 2019-20.

**Our detailed responses to their views are set out below:**

### **View 31: Transformation Fund for Pathfinder Projects**

The Committee would like assurance that the use and impact of this Fund will be effectively monitored, particularly in terms of it being used to support projects which are genuinely transformative and scale able, and that mental health is given parity with physical health when considering bids. We would welcome further detail from the Welsh Government about the governance arrangements for the Fund.

### **Welsh Government Response**

#### **Monitoring and evaluation**

The Transformation Fund guidance requires proposals to show how each project will be professionally evaluated in a timely fashion, to provide evidence which will inform decisions relating to wider adoption, considering particularly health and social care outcomes improvement, enhanced healthcare value, and affordable service delivery.

Quarterly monitoring reports will be prepared by proposal leads and assessed by the Transformation Programme Team against the criteria set out in a grant offer letter, and against the objectives in the original proposal. Payments will be made in line with Welsh Government finance and grants guidance.

The Transformation Programme also has a specific evaluation work-stream which will consider the Transformation Fund proposals in the context of wider transformation, as described in *A Healthier Wales*. The Programme team will work with stakeholders across the health and social care system in Wales to establish a suite of system measures and indicators, which will support evaluation of the Transformation Fund and the impact of the Programme overall.

An early review of approved proposals has been commissioned and is expected to report first findings in January / February 2019. This will comment on the allocation of the Transformation Fund against criteria including regional cover (by Regional Planning Board area) and fit against key policy areas and service delivery priorities (such as mental health, children and young people, older people, disability, carers). The early review will be considered by the Transformation Programme Advisory Board in early 2019 so that delivery of the Fund can be revised if that is required.

## **Transformative, scalable proposals**

It is too early to evaluate the transformative impact this early in the programme. However, to be supported by the appraisal panel, proposals are required to provide convincing information to show that they comply with the ten design principles set out in *A Healthier Wales* and in particular the last two principles, which means supported proposals are:

- Scalable – ensuring that good practice scales up from local to regional and national level, and out to other teams and organisations.
- Transformative – ensuring that new ways of working are affordable and sustainable, that they change and replace existing approaches, rather than add an extra permanent service layer to what we do now.

Proposals will need to show how their new model will be sustainable after the transformation project is completed. This will be considered when appraising proposals, during monitoring, and when evaluating.

## **Parity of mental health and physical health**

*A Healthier Wales* states that “We see a key role for Regional Partnership Boards (RPBs) in driving the development at local level of models of health and social care, including primary and secondary care. Local cluster needs assessment and service plans should feed into regional assessments and Area Plans developed by RPBs. Early models of care may focus on the priority groups identified by the Review (i.e. the Welsh language, older people, children, people with mental ill health and people with disabilities) [...]”

Proposals will be appraised against the design principles set out in *A Healthier Wales*, and several already approved proposals focus on mental health.

Proposals must be endorsed by one or more Regional Planning Boards who will consider them in light of regional population needs assessments and area plans, in line with current legislation and Welsh Government policies which reinforce the parity of mental and physical health. The Social Services and Well-being (Wales) Act requires local authorities and health boards to carry out an assessment of population needs, highlighting the care and support needs in an area, and setting out the range and level of services required to meet those needs. Area Plans developed by Regional Partnership Boards set out how local authorities and health boards will meet the needs identified in the population assessments.

## **Governance arrangements**

The Transformation Fund is managed by the Transformation Programme Team, which includes a Head of Programme and a Transformation Fund Manager, overseen by the Director for Technology and Transformation, reporting to the Director General for Health and Social Services. Proposals must be supported by one or more Regional Planning Boards before being submitted for formal appraisal. Proposals are assessed against the published Transformation Fund guidance by an appraisal panel consisting of senior Welsh Government officials and sector representatives from the

Transformation Programme Advisory Board. The Panel makes recommendations to the Cabinet Secretary for Health and Social Services.

Approved proposals are funded through a grant offer letter mechanism, which provides for active management throughout the lifespan of the project, including quarterly reporting and monitoring arrangements. The Transformation Programme will also arrange regular network learning events for all proposal leads, and other support activities designed to encourage rapid learning and scaling of proposals between regions.

### **Transformation Fund guidance**

This has been published here:

<https://gov.wales/docs/dhss/publications/181113t-fund-guidanceen.pdf>

### **View 33: Funding for Primary Care**

We note the Director of Finance's comments that the Welsh Government doesn't recognise the figure of a 5% decrease to primary care funding. We are aware that this figure, which has also been reported by the Wales Audit Office, is based on analysis of health boards' annual accounts. It's also the case that health boards' written evidence to the Committee shows that the proportion of their spending which goes on primary care has remained broadly consistent over the last few years. This gives us serious cause for concern. 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. Given that the direction of travel for services as set out in *A Healthier Wales* is toward delivery of services to be undertaken in primary and community healthcare, we are very concerned that the proposed funding for primary care will not be sufficient to support this objective

### **Welsh Government Response**

With regard to revenue spend you have already asked for the amount of funding going to primary care in each of the last three years. The following response was provided:

2015-16 - £1.365m

2016-17 - £1.374m

2017-18 £1.436m, which in each year represents 21% of the total health budget.

In 2018-19 we would expect the investment to increase by approximately £27.7m to reflect the agreed DDRB increase for GPs and dentists and in 2019-20, subject to IMTPs, we will expect further investments in primary care in addition to the agreed DDRB increase.

### **View 48: National Health Service Finance (Wales) Act 2014**

We note the ambitions and requirements of the *National Health Service Finance (Wales) Act 2014* have not been fully realised by all NHS bodies, but that progress has been made by particular health boards. However, we are disappointed by the continuing inability of a number of health boards to manage their finances. We seek further information from the Cabinet Secretary about the reasons behind the enduring difficulties in some health boards, and what assessment has been made of the factors contributing to their ongoing inability to maintain financial discipline. We believe it is of crucial importance to understand the extent to which this may be due to management issues at individual health board level, or how much it may be due to: for example, their funding allocations

### **Welsh Government Response**

As we explained to the Public Accounts Committee, the 2017-18 financial year saw a stabilisation in the financial deficit position of the four health boards in escalation with an outturn broadly similar to 2016-17. We are confident that the reported outturn for 2018-19 will show a material improvement in the overall outturn, when compared on a like-for-like basis with 2017-18. In context, NHS organisations have collectively made over £1.5 billion worth of efficiency savings since the new organisations were established at the beginning of this decade. In the last financial year, over two thirds of these savings (71%) were found on a recurrent basis.

In particular the issues of leadership and financial governance, which were the main factors generating the deficits in Cardiff and Vale and Abertawe Bro Morgannwg University Health Boards, have now been addressed, and both Boards are expected to report a significant improvement in their outturn compared to 2017-18. We are due to receive 2019-20 financial plans early in the New Year, and we are optimistic at this stage that both organisations are on a trajectory to return to financial balance within the next three year period.

The deficits in Betsi Cadwaladr and Hywel Dda University Health Boards are more intractable, and unlikely to be resolved in the medium term. We are confident that their relative funding positions are not factors contributing to their deficits. The zero-based review of Hywel Dda identified the costs outside the Board's control relating to demography and scale, and these have now been covered by the additional allocation of £27 million. The review highlighted the efficiency opportunities which are for the Board to pursue. The additional funding, allocated following the Zero Based Review, and the service change programme, through delivery of the Transforming Clinical Services programme, should allow Hywel Dda, over the medium to longer term, to plan and deliver clinically and financially sustainable services for its resident population. We will expect to see continued improvement in their level of deficit next financial year, but it is unlikely they are yet in a position to present a balanced medium term plan for some time.

Betsi Cadwaladr UHB has a higher allocation per head of population than the Welsh average, while its relative health needs are considered to be lower when assessed using the current allocation formula, so it is unlikely that their relative funding position is contributing to their deficit. This relative funding

position, compared to current allocation formula, has been consistent since the current allocation formula was implemented in 2003. The Minister for Health and Social Services has kept the Assembly updated regularly on their special measures status, and it remains a frustration that the organisation has been unable to deliver improvements in their financial position to date. The Health Board will need to develop and implement a sustainable clinical, service and financial plan. While the health board is currently not in a position to present a sustainable clinical and service strategy, it is unlikely to be in a position develop and deliver a balanced medium term plan for some time. The new Chair is now taking an active role in improving strategy, planning and financial grip within the organisation, and we hope to see this being translated into some material progress on strategy and plans and a reducing deficit in next financial year.

### **Mental Health**

**View 62:** We welcome the additional funding provided in this draft budget for mental health services. However, we remain alert to the current inconsistency of provision and the growing demands, and urge the Cabinet Secretary to ensure adequate resources are available for mental health services in future budget rounds.

**View 64:** We would wish to see more detail about what exact information will be captured by the mental health core data set, the timescales for the data set to be fully developed, and how will this improve service planning, measurement of outcomes, and tracking the impact of spend on mental health services.

**View 65:** We asked health boards about the extent to which allocated mental health funding is being used to support other services, for example where patients have a primary diagnosis of a mental health condition but require treatment for other health conditions. Their responses did not provide the clarity we were seeking, and we remain concerned about whether funding arrangements, including the mental health ring-fence, are striking the right balance between taking a holistic approach to meeting an individual's needs, and ensuring resources for mental health are protected. We would welcome the Welsh Government's response on this point.

### **Welsh Government Response**

We spend more on mental health services than on any other part of the Welsh NHS and we have ring-fenced the mental health spending within the budget. The ring-fenced allocation for 2019-20 is £679 million, an increase of £92 million since 2016-17. As part of the Integrated Medium Term Plan (IMTPs) process we have made clear our expectations to health boards to:

- Demonstrate an understanding of the mental health and mental well-being needs of their population.
- Undertake a capacity and demand analysis which also demonstrates how the health board is actioning the areas for improvement.
- Define service models to meet population needs which are supported by workforce plans.
- Show expenditure over the previous year against the mental health ring-fenced allocation and the future spending plans against that budget.

As these planning processes mature we expect this approach to become more robust and through our 2016-19 delivery plan we also made it a clear action for health Boards to demonstrate their adherence to their ring fenced mental health allocations and to set out how their expenditure is improving outcomes for people with mental health problems. We recognise that there is more work to do in this area and we continue to work with health boards to improve on this reporting.

The Mental Health Core Dataset (MHCDS) will capture person-level data from information entered by clinicians at point of assessment, care and treatment planning, and review. These data items have been signed off by a multi-agency national project steering board and are currently being taken through the Welsh Information Standards Board (WISB) to ensure that they are collected in a consistent way. This work is currently phased but is due to conclude by the end of 2019. This dataset will be captured within the Welsh Community Care Informatics System (WCCIS), which is a technology platform for both health and social care.

As part of this there is also a work stream looking at reporting requirements. This will include current Welsh Government targets such as referral to treatment times under the Mental Health Measure, but also how we capture outcomes. We are working closely with the peer group; areas currently live on WCCIS and NWIS to enable this work to progress.

In line with the wider WCCIS programme, the system is anticipated to be fully operational by 2022. From a mental health perspective we have employed staff to support work directly with teams across Wales throughout 2019, to pilot forms and data collection using existing IT systems, in preparation for the WCCIS. This includes work to inform outcome focused practice, capture service user experience, improve the consistency in using outcome measures and to measure progress in recovery. This work will look to extend across all teams in 2020-2021.

### **Health Workforce**

**View 83:** We note the health boards' assurances that they are making efforts to tackle their workforce issues and remain concerned about the slow progress being made in this area.

**View 84:** We expect that the work being undertaken by Health Education and Improvement Wales and Social Care Wales on workforce planning has the impact that is intended. We look forward to receiving an update from the Welsh Government on the development of the long-term workforce strategy.

### **Welsh Government Response**

We have asked Health Education Improvement Wales and Social Care Wales to work together to develop a workforce strategy for the health and care sector and to provide a draft for government to consider by November 2019. The two organisations have already started working together to develop the plan and engage a wide range of stakeholders in the process. We will provide an update to the Committee as their work develops.

**View 85:** We recognise the clear disparity between healthcare and social care sector workers, as has been raised regularly to us by stakeholders. We believe this is a significant barrier to successful service integration. We note the actions taken by the Welsh Government to begin to address issues of parity of esteem and acknowledge this is a long-term challenge given the difficult historical problems with the social care sector compared to health. However, we wish to receive more detail from the Welsh Government on the financial implications of addressing this disparity, and the long-term budgetary planning that may be required to support this change.

### **Welsh Government Response**

Both delivery of existing and development of new models for delivery of seamless health and social care may need to address differences a range of workforce issues to enable effective operational delivery. As these integrated delivery models are developing and their effectiveness for wide scale adoption are being evaluated, we will need to consider at local, regional and national level whether the workforce issues act as barriers to integration and what action is required to ensure that any barriers can be overcome. This work alongside the development of an integrated Health and Social Care Workforce Strategy will enable us to better identify what needs to be done and the potential costs and opportunities provided by implementation of any changes'.

**View 86:** We note the comments made by the Director General for Health and Social Services/NHS Wales Chief Executive around deploying a national focus in relation to addressing staff sickness in the NHS workforce. We would wish to receive more information on what plans are being put in place to address this issue.

### **Welsh Government Response**

As part of the 3 year pay deal agreed for Agenda for Change staff by the Welsh Partnership Forum (WPF) we also agreed to a more focussed national approach to the management of sickness absence. The WPF issued a new absence management policy and has developed some training which will be rolled out across Wales delivered and attended jointly by unions and employers. In addition, they have agreed to consider the ways that NHS staff can have rapid access to support them if they experience mental health or musculo skeletal issues (two of the main causes of absence) to ensure that staff can remain in work or return to work as quickly as possible. The WPF have agreed to monitor the impact of these new approaches and to work together to tackle any issues that emerge as part of the monitoring in partnership with the aim of reducing absence rates.

### **Social Care**

**View 100:** While we welcome the additional money being provided for social services in this draft budget, and the proposed additional funding for local authorities announced in the Welsh Government's statement on 20 November 2019, we have serious concerns over the level of funding for social care services generally, including that the current level of funding is insufficient to meet demand, and that this situation will worsen with continuing cuts to local

government budgets coupled with our ageing population and an increase in chronic conditions.

**Given 101:** Given that the direction of travel for services, as set out in *A Healthier Wales*, is towards far greater integration and to enable more people to be cared for as close to home as possible, we believe that funding for social care cannot be seen in isolation from health funding. We believe that, as a matter of necessity, a more holistic approach to health and social care funding, including the holding of joint budgets should be explored.

### **Welsh Government Response**

Social care is one of our six priorities set out in *Prosperity for All*. Compassionate, dignified care plays a critical part in strong communities, helping people to stay healthy and independent for longer. *A Healthier Wales: our Plan for Health and Social Care* is the blueprint for a system where support and treatment is available across a range of community-based services, whilst at the same time ensuring that when hospital based care is needed, it can be accessed more quickly.

In the outline draft budget we announced £192 million additional funding for to support the implementation of *A Healthier Wales* and the integration of services. This included £30 million targeted investment for social care and £30 million for regional partnership boards – which includes joint decision-making with local government – to drive transformation of local services. The Partnership Boards are using £15 million to progress our shared ambition of reducing the need for children to be in care. The remaining £15 million will be used to help increase joint working between local authorities and health boards to support adults with care needs in their homes, avoiding unnecessary hospital admissions, or ensuring they can return as soon as possible after hospital admission.

The draft budget also again provides £50 million in revenue funding for the Integrated Care Fund. This fund supports a range of integrated care services and is managed jointly by local authorities and health boards.

In addition we are providing £20 million through the revenue support grant to Local Authorities in recognition of the important role local authorities play in delivering core social services and the preventative approach at the heart of delivery. This funding is in addition to the commitment made in the 2018-19 budget to prioritise funding for social care through the 2018-19 and 2019-20 settlements.

Tax is a new policy lever for us and presents a range of opportunities to potentially resolve strategic challenges. This is particularly the case for the work we are undertaking on raising additional funding for social care for the longer term – especially in the context of the demands presented by an ageing population. The Welsh Government welcomes the independent report by Professor Gerald Holtham, which provides an indicative economic analysis of his idea for a system of enhanced social insurance that could help fund social care for older people in Wales. The then First Minister established the Inter-Ministerial Group on Paying for Social Care to take forward consideration

of a potential social care levy to provide additional future funding for social care in the future – initially Chaired by the Minister for Children, Older People and Social Care. Now this group is Chaired by me as Minister for Health and Social Services. Work will continue to support the Inter-Ministerial Group’s considerations over the next year or so.

An important role of regional partnership boards is making the best use of resources. For that reason, from April of this year, boards were required to establish regional pooled funds to meet the needs of older peoples’ care home accommodation costs. The purpose of this pooled fund is to support more integrated and collaborative commissioning arrangements.

This represents a radical shift in the way older people’s care is commissioned. No longer will partners separately commission care. Instead, a health board and all the local authorities within that health board’s area will now strategically commission care together. This will result in much greater value for money and deliver better well-being outcomes for older people.

### **Sport**

**View 106:** We believe that the Minister for Culture, Tourism and Sport, who has responsibility for national strategy and policy for community sport and physical activity in Wales, has a clear role in pushing this agenda, and we request further information about the specific actions his department will take to ensure that public assets such as schools are opened up in order to increase access to sport and physical activity opportunities for local communities

### **Welsh Government Response**

May we clarify, the responsibility for community access to schools’ facilities including schools’ sports facilities rests with the Minister for Education as do the *Prosperity for All* commitments to introduce Community Learning Centres which provide extended services with childcare, parenting support, family learning and community access to facilities built around the school day and the creation of community hubs.

The Minister for Education is actively taking this work forward through a cross-Departmental Community Learning Hubs Task and Finish Group. The Welsh Government’s Sport Policy Branch and Sport Wales have been actively engaged in this Group and continue to work very closely with their colleagues in the Education Department to provide advice and support about community use of school sports facilities.

We were very pleased to learn that £15 million has been made available for this work and that local authorities and Further Education Institutions have recently been invited to submit Expression of Interest for a Community Learning Centres/Community Hubs Capital Grant Programme which will enable schools and colleges to use capital investment to facilitate the community use of educational assets.

Sports Policy and Sport Wales will continue to be involved in the work of the Group including where a grant application is received in respect of a sports facility. Sport Wales is of course well placed to advise on the sporting

landscape in an area so as to avoid duplication of provision and can also provide technical advice on a sports facility.

### **Equal Access to Sport**

**View 113.** We note the Minister's assurance that addressing the disparities in participation in sport and physical activity between different population groups is a Welsh Government priority, and a requirement of the funding provided to Sport Wales. We would like to see more explicit reference to this in future Sport Wales remit letters.

### **Welsh Government Response**

The remit letter sent to Sport Wales in February 2018 sets out the priorities for the three-year period 2018 to 2021<sup>1</sup>. They are set in the context of "Taking Wales Forward" and "Prosperity for All" and are informed by our well-being objectives.

Within their remit letter, I, as Deputy Minister for Culture, Sport and Tourism, have set out the objectives we expect to guide the work and budget dissemination of Sport Wales. These clearly state encouraging and facilitating opportunities for more people to be active at every stage of their lives, and investing effort and resources where there is significant variation in participation and where there is a lack of opportunity or aspiration to be active. Evidence of this commitment can be seen from the examples below.

Equality of access is a key priority for funding decisions. Sport Wales undertakes an equality impact assessment on its overall budget. Sport Wales has also developed specific funding initiatives, such as BME Sport Cymru; Street Games and Disability Sport Wales, with the primary purpose of making accelerated progress to improve equality of access.

Progress is measured through the relevant questions in the National Survey for Wales and also through project specific evaluation that is a requirement of grant funding by Sport Wales. Each partner organisation that is funded on an annual basis is required to detail proposals on how they intend to tackle inequality.

Some examples of where Sport Wales has invested to help create opportunities for under-represented groups include:

Disability Sport Wales has in the region of 23,000 club members and provide over 1 million sport participation opportunities each year.

BME Sport Cymru is a two-year Sport Wales funded project with investment of £538,339 which aims to take a sustainable approach to increasing BME participation in sport across Wales. Across Wales, the project has engaged with over 2800 individuals in regular sport or physical activities.

For 2018-19, Sport Wales has provided StreetGames Wales with investment of £173,000 which has helped establish 70 Doorstep Sports Clubs (DSCs) across Wales.

In terms of women and girls, the FAW Trust latest figures show that there are 6,020 under 16s participating and 1,982 adults.

I can confirm that with regard to the future Strategy being developed by Sport Wales, addressing disparities in participation in sport and related physical

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<sup>1</sup> <https://gov.wales/docs/drah/publications/180226-sport-wales-remit-letter-2018-21-en.pdf>

activity between different population groups will continue to be a priority. For reference, the following was agreed by Board at its last meeting.

### **OUR STRATEGIC INTENT**

**To be person-centred:** to cultivate environments where the needs and motivations of the individual lead the delivery, whether you are just starting out, progressing or striving for excellence on the world stage.

**To give every young person a great start:** to ensure every young person has the skills, confidence and motivation to enable them to enjoy sport and has the foundations to lead an active, healthy and enriched life.

**To ensure sport is open to everyone:** to ensure every local community has a wide variety of recreational, informal and competitive sporting opportunities that are well publicised, accessible and affordable. Taking positive action to ensure that everyone can achieve their potential whatever their level of ability or motivation, background, gender, ethnicity or other personal circumstances.

**To be in this for the long-term:** develop a collaborative, sustainable and successful sports sector, which is led by collective insight and learning. To consider future trends and future thinking to inform our work.

**To be a respected and valued partner:** to be an exemplary public sector organisation that delivers a valued service, knowing and understanding our customer's needs and to evidence the power of sport and celebrate its collective success.

While we will not be sending a new remit letter to Sport Wales until February 2021, we will be sending formal confirmation of the budget for 2019-20 and will re-iterate these key aspects of future direction. In addition, I, as Deputy Minister for Culture, Tourism and Sport have regular discussions with the Chief Executive and the Chair of Sport Wales and will continue to raise these points with them when we talk.

**View 114:** We are disappointed at the findings of Sport Wales' School Sport Survey State of the Nation 2018 report, which was published in the week after our draft budget scrutiny session with the Minister for Culture, Tourism and Sport. The survey report showed that participation levels amongst pupils in Wales have not increased from those observed in 2015. Additionally, it found that long-standing differences in participation levels continue to be seen, with female pupils and older pupils taking part less frequently in PE and sport. Worryingly, the difference in participation rates between the least deprived and most deprived has increased.

**View 115:** We are concerned that Sport Wales' own findings conflict somewhat with the more positive picture painted by the Minister when giving evidence to our Committee.

### **Welsh Government Response**

I, as Deputy Minister have responded separately to this enquiry.

**View 116:** We would be keen to receive further, detailed information from the Welsh Government which demonstrates the impact of spend on participation levels among different groups, and sets out how this impact is monitored and used to inform funding decisions. This should include reference to sex, age, disability, ethnicity, and socio-economic status.

## Welsh Government Response

Evidence was provided previously on the range of data collected and utilised in order to monitor progress and guide future funding decisions.

The following information presents a summary of the results of the last three School Sports Survey cycles disaggregated by sex, age, disability, ethnicity, and socio-economic status in terms of participation in sport three or more times a week.

The figures show a stable picture overall, but with notable progress made within the least represented and traditionally least engaged groups. An important change since 2013 is the reduced gender gap in participation, from 8 to 4 percentage points. In 2018, 48% of pupils across Years 3 to 11 took part in organised sport activity outside of the curriculum (i.e. extracurricular or club sport) on three or more occasions per week. This figure has grown from 40% since 2013.

One concern revealed by the data is the apparent growing gap among socio-economic groups. 42% of those in the most deprived areas (as measured by free school meal data) participate three or more times a week, while it is 55% for those in the least deprived communities. The gap widened by 2-percentage points since 2015. There is also a disparity in how many minutes of PE those groups do. 104 (least deprived) to 92 (most deprived).

Clearly, the picture presented by this evidence shows much more needs to be done. But it also shows that progress is being made. Sport Wales will continue to use this data to inform future funding decisions and to review and evaluate previous projects to identify the most effective approaches to tackling the challenges.

### Data from Sport Wales' School Sport Survey 2018

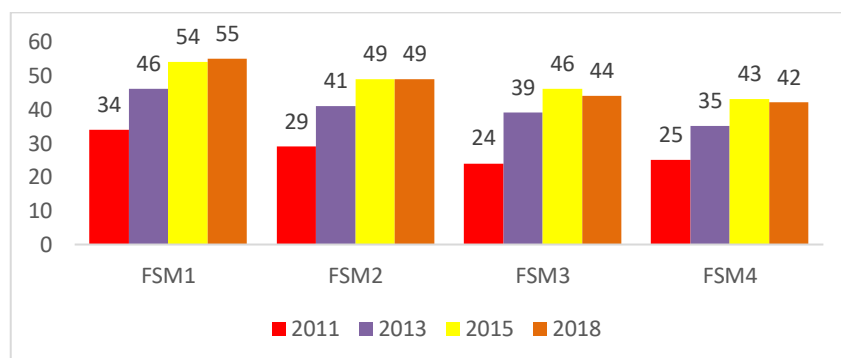
<b><i>Ethnic Groups</i></b>	<b>2013</b>	<b>2015</b>	<b>2018</b>
<b>White</b>	41	49	<b>49</b>
<b>Mixed Race</b>	41	52	<b>52</b>
<b>Black/Black British</b>	37	52	<b>51</b>
<b>Asian/Asian British</b>	29	36	<b>40</b>
<b>Arab/Other</b>	29	39	<b>46</b>
<b>Overall</b>	<b>40</b>	<b>48</b>	<b>48</b>

<b><i>Disability</i></b>	<b>2013</b>	<b>2015</b>	<b>2018</b>
<b>Disability / Impairment</b>	31	40	<b>47</b>
<b>Without Disability / Impairment</b>	41	49	<b>48</b>
<b>Overall</b>	<b>40</b>	<b>48</b>	<b>48</b>

<b>Sector</b>	<b>2013</b>	<b>2015</b>	<b>2018</b>
<b>Primary Pupils</b>	40	49	<b>47</b>
<b>Secondary Pupils</b>	40	48	<b>48</b>
<b>Overall</b>	<b>40</b>	<b>48</b>	<b>48</b>

<b>Gender</b>	<b>2013</b>	<b>2015</b>	<b>2018</b>
<b>Female</b>	36	44	<b>46</b>
<b>Male</b>	44	52	<b>50</b>
<b>Gender Gap</b>	8	8	<b>4</b>
<b>Overall</b>	<b>40</b>	<b>48</b>	<b>48</b>

### **Socioeconomic Status**



### **View 121: Soft drinks industry level**

We are disappointed that the Welsh Government has not chosen to earmark the consequential funding it receives from the soft drinks industry levy for tackling obesity and improving levels of physical activity, and we understand that Wales is the only UK nation that has not taken this approach. This is, in our view, a missed opportunity. We urge the Welsh Government to reconsider its position on this, and ensure funding from the levy is utilised to increase physical activity and reduce the burden of obesity in Wales. We welcome the Minister's indication that he will personally raise this issue with Government colleagues and we look forward to receiving an update.

### **Welsh Government Response**

Alongside the introduction of the soft drinks industry levy, the UK Government increased expenditure in a number of areas in England in the March 2016 Budget relating to extending the school day, school sports and breakfast clubs. As a result of these spending measures, Wales received £57 million over the four-year period for which we had a revenue settlement (2016-17 to 2019-20). It is an important principle of devolution that funding we receive as

a result of spending measures announced in England is not ring-fenced for specific purposes. In line with established practice, the funding we received was added to our reserves and allocated in subsequent budgets in line with our strategic priorities, including promoting good health and well-being for everyone. We do not have a settlement beyond the current budget period. Decisions on the allocation of resources in subsequent years will be made in future budgets in line with our priorities.

We are continuing to invest in a range of health and educational activities to improve outcomes for children in Wales. Later this month, we will be launching a consultation on 'Healthy Weight: Healthy Wales' which will consider a range of proposals to tackle childhood obesity. A final strategy will be launched by October 2019 through a commitment within our Public Health Wales Act to prevent and reduce obesity across Wales.

### **Sustainability of funding for sport and physical activity in Wales**

**View 126:** We have serious concerns about the sustainability of funding for sport in Wales. We believe that the combined impact of local government budget constraints, reductions in lottery funding, and the loss of European funding following the UK's withdrawal from the EU will result in reduced access to sport and physical activity opportunities in Wales. This will seriously undermine the preventative agenda, and will have long-term implications for the health and wellbeing of the Welsh population. It is not acceptable that the Welsh Government has no clear plan in place to mitigate against this, and we seek further information from the Welsh Government about how it intends to ensure the long-term sustainability of funding for sport and physical activity in Wales.

### **Welsh Government Response**

We share the concerns raised by the Committee. In my evidence, I, as Deputy Minister for Culture, Sport and Tourism was very clear about the challenges with which we are faced and highlighted the approach we have now embedded of increased collaboration and shared use of budgets across a range of sectors, health, education, transport as well as sport.

A key example of this is the new Sport North Wales model for the delivery of community sport through the establishment of new regional entities. The new entity includes a range of partners including local authorities, local health board (Betsi Cadwaladr), Glyndwr and Bangor Universities, Regional Housing Association, Public Health Wales and Disability Sport Wales. By working in this way funding from a range of sectors can be pooled and efficiencies made through reductions and simplification of grants project contracts.

Sport Wales anticipates that, following analysis of the success of the collaboration in the north, the engagement phase for the procurement process for other regions will commence early in 2019.

There is also the Healthy and Active Fund. This is intended as a long-term collaboration between Sport and Health and our three arm's-length bodies: Sport Wales, Public Health Wales and Natural Resources Wales.

We launched the Healthy and Active Fund (HAF) in July last year.. The first phase investment will focus on improving improving mental and physical health by enabling healthy and active lifestyles, with a particular focus on

strengthening community assets. Applicants will be encouraged to develop solutions that take advantage of collaboration, existing community assets such as clubs, schools and workplaces, and new technology. The development and delivery of the new Fund is a partnership between Welsh Government, Sport Wales and Public Health Wales. It places the five ways of working at the core of its design, delivery, monitoring and evaluation. The budget of £5 million has been allocated over the next three years and is funded 50% from Public Health and 50% from Sport Wales. This is a very good example of pooling budgets and working together across Departments. It is our intention to pursue this way of working as looking to pool budgets is a sustainable way of working effectively in these difficult financial times. Since the Committee we have also been able to secure a £5 million capital commitment to Sport Wales in 2018-19 with the specific remit of investing in a range of sports facilities across Wales. Possible schemes have been identified based on geographic spread, a preference for multi-sport use from a single facility, ability to get underway quickly and commitment of funding from the collaborating partners. Priority is being given in this first phase to projects that reduce inequalities in outcomes for children and young people, people with a disability or long-term illness, people who are economically inactive or live in areas of deprivation, and older people and those around the ages of retirement from work. Final short-listing is underway.

We should like to add that while the Welsh Government has protected local government from the worst of the reductions in public funding in recent years, we are aware that local authorities are dealing with funding challenges and are facing some difficult decisions regarding the services they provide. However, despite these reductions, all local authorities in Wales still receive substantial financial support from the Welsh Government, which is provided as general funding, allowing authorities the freedom to prioritise their resources in line with the needs of their communities. In addition to meeting their statutory requirements, local authorities also have a responsibility to deliver non-statutory services which focus on the needs and wellbeing of local communities such as sport and leisure facilities.

**View 127:** We believe the Welsh Government must take a strong stance in its dealings with Camelot to ensure that Wales does not lose out on lottery funding, which makes a significant contribution to funding for sport in Wales. We look forward to receiving an update from the Minister about his discussions with Camelot.

### **Welsh Government Response**

In November, I, as then Minister for Culture, Tourism and Sport and the lottery distributors in Wales met in Cardiff with Nigel Railton, the Chief Executive of Camelot. I had an opportunity to outline the crucial role of the National Lottery in supporting projects throughout Wales and the difference it has made to the lives of people across Wales. We are now approaching the 25<sup>th</sup> anniversary of the National Lottery during which time it has had a transformational effect on funding of Arts, Sport, Heritage and a wide array of charitable causes and community projects.

I stressed the need for Camelot to strengthen the link between playing and good causes. Despite some encouraging trends in recent months, good

cause income has declined significantly during recent years and sales remain fragile. Lottery distributors have, as a consequence, been forced to reduce budgets and have been forced to support fewer projects in the communities they serve. I remain concerned that changes in the wider lottery market are having a sustained impact on good cause income and I have regularly raised this with the UK Government.

Camelot UK Lotteries Limited holds the licence from the Gambling Commission to operate the National Lottery until January 2023. At the recent UK Sport Cabinet board meeting in November a presentation was received from the Gambling Commission about the up-coming re-licensing of the National Lottery. At the meeting, I pressed the case for the next license to put in place more rigorous terms and conditions that will ensure consistency of lottery funding towards sport in Wales.

### **Longer term funding streams**

**View 130:** We note the concerns of stakeholders that one-year funding streams from Sport Wales makes strategic, long-term planning difficult, and we agree that funding which is only confirmed for the short-term can have a negative impact on the effectiveness and sustainability of projects.

**View 131:** We acknowledge the Minister's comments that this is in part due to the uncertainties around the funding it receives from HM Treasury. However, we would point out that there are inconsistencies around the duration of financial planning cycles in other public bodies in Wales. Health boards in Wales for example, operate to a three-year financial planning cycle. We would welcome further information from the Minister about any plans that the Welsh Government has to put in place longer-term funding arrangements to enable Sport Wales and its partners to plan more strategically.

### **Welsh Government Response**

May we start by clarifying the three-year funding cycle position for Health Boards.

The Local Health Boards and NHS Trusts have had a statutory duty since 2014 to produce, each year, a three-year rolling plan over which they may choose to balance their financial expenditure. They are provided each year with a single annual budget allocation in December and must provide an updated plan by the end of the following January for agreement by the Cabinet Secretary. Capital funding is a separate process. The arm's length body, Public Health Wales also operate under this arrangement.

In terms of Sport Wales, we recognise the challenges that can be experienced by some stakeholders as a result of receiving awards only confirmed for one financial year and have been working for some time to implement mitigating processes. For example, for the first time this year we were able to issue a three-year remit letter to Sport Wales (2018 to 2021) that will go some way to addressing the challenges outlined above.

This work is in-line with the work of the Public Bodies Unit that is currently considering replacing annual remit arrangements across the Welsh Government with the aim of facilitating longer-term planning and providing greater stability for public bodies, as well improving efficiency and effectiveness of the oversight arrangements. In this work it is the aim that firm funding allocations would be given for the first year, followed by indicative

funding for the remaining years. It would be made clear that funding could decrease or increase according to Government priorities, changes to ministerial portfolios, budget fluctuations, or the raising of a concern over the efficiency and/or effectiveness of the public body.

The then Cabinet Secretary for Finance stated in the budget documentation that he can only set a one-year revenue budget this year. The UK Government will be carrying out a new Spending Review in 2019. We do not know what impact this will have on the Welsh Government's budget in the future.