Delivering a Five-Year Service, Workforce and Financial Strategic Framework for NHS Wales

Project summary and recommendations

June 2010
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Preface

The Minister for Health and Social Services commissioned a major reform of the structures of NHS Wales in 2008/09, which has now been successfully completed. Alongside that, with her approval, I commissioned work on developing a 5-year Service, Workforce and Financial Strategic Framework for NHS Wales. What I did not want was a fixed, inflexible plan for the next five years, based on the implausible idea that we could forecast and control future demand and resources across one of the most complex organisations in the UK.

What I did want, and what we now have, is a framework for integration and transformation. We know what the task is – better health for all and services as good as any in the world. We have new structures that promote integrated thinking and working across NHS Wales and close collaboration with our partners. The framework will set out how we will achieve this.

This document is not the framework – or rather it is a part of it, the evidence base. The overall framework is a set of documents, processes and behaviours that will drive action and govern our advance towards our goals. Those include above all the seven Local Health Board delivery plans which were started as part of the process described in this document and will continue to be developed and refined year on year with partners.

These will be populated with local service delivery priorities and also with best practice generated by eleven national programmes that form another part of the framework. Other plans prepared with local partners will need to feed into this, particularly Community Strategies, Health Social Care and Well-Being Strategies and Children and Young People’s Plans.

Clinical engagement will be crucial to its delivery and meeting expectations in local plans. Central to this will be improving the quality of care. I have set NHS Wales the challenge in the next stage of our quality improvement drive 1000 Lives Plus to reduce harm, waste and variation across its services. Working with clinicians we are also
integrating intelligent targets alongside Healthcare Standards into the Annual Operating Framework.

This is not my framework. It belongs to NHS Wales. It will grow through the collective efforts of health service professionals and partners from across all disciplines and from across all of Wales. I look forward to ensuring with them that we achieve the ambitious, yet necessary goal of transformation – transformation of systems and services certainly, but above all transformation of people’s lives.

Paul Williams OBE OStJ DL
Director General, Health & Social Services
Chief Executive, NHS Wales
Introduction

*NHS Wales has an extraordinary opportunity to deliver its ambition and become one of the world’s high performing integrated healthcare systems. The challenge now is to seize that opportunity and develop a world-class health system for the citizens of Wales*

Across the world, health systems are increasingly taking the view that delivering sustainable high-quality care requires an integrated approach. On October 1, 2009 NHS Wales moved decisively towards becoming an integrated health system when over 30 separate NHS Wales’ organisations were replaced by just ten. Seven are new Local Health Boards (LHBs), taking responsibility for making sure that all the health needs of their local population are met. Of the other three, two are specialist service providers. Velindre NHS Trust and the Welsh Ambulance Service NHS Trust; the third, Public Health Wales NHS Trust, will be central in transforming health and services in Wales.

These changes, coupled with the integration of the previous health services, public health and social care departments in the Welsh Assembly Government, means that NHS Wales is uniquely well positioned to realise its vision of integrated care within an integrated health system.

*NHS Wales will deliver the route map and implement a plan of action to create world class integrated health, social care and wellbeing services for the people of Wales, within five years, based firmly upon cross public service collaboration*

At the same time as reorganising itself to face the future, NHS Wales achieved new tough waiting times targets and dealt with the challenge of swine flu. This is a real testament to the commitment and professionalism of the workforce across the country.

In addition, a number of high-profile initiatives, such as the 1000 Lives Campaign, dramatically improved the quality of care delivered to patients in Wales. In preparation for the next stage, over the past 12 months NHS Wales has also developed and/or introduced:

- a Primary and Community Care Strategy – *Setting the Direction*
- the next phase of the 1000 Lives Campaign
- a *Chronic Conditions Management Programme* and demonstration sites
- clinical information improvements as part of *Informing Healthcare*
- a national programme for intelligent targets
- updated national healthcare standards
- the *Rural Health Plan*
- the Chief Medical Officer’s framework for health improvement, *Our Healthy Future*
- updates to National Service Frameworks.
Yet NHS Wales faces daunting challenges. As a consequence of industrial decline, social deprivation and lifestyle choices, health in Wales is worse than it should be.

Current performance in the health care system is mixed; health outcomes and service quality do not always meet the high aspirations of patients and staff or the citizens of Wales. At the same time, unprecedented financial pressures are mounting. NHS Wales ran a substantial deficit over the first eight months of the 2009-10 fiscal year, and has had a titanic, yet successful, struggle to close the gap without compromising the quality and reliability of services. Looking further into the future, we could face a potential annual funding gap between £1.3bn and £1.9bn by 2014-15 if steps are not taken now to change the way in which care is delivered.

Failure to act decisively will mean Wales will continue to struggle with poor health, unsatisfactory performance and financial deficits over the coming years. Whilst the scale of the fiscal challenge in front of NHS Wales is undoubtedly considerable, the purpose of this plan is to lay out how services can be improved and efficiencies realised concurrently over the next five years and beyond to improve the quality and safety of care for all.

The approach adopted must address the big challenge facing the Health and Social Services Directorate General as a part of the Welsh Assembly Government and NHS Wales as part of the public service – ensuring that the services for which they are responsible transform in response to the challenging times ahead. This challenge can be tackled by effective partnership working between the Welsh Assembly Government and NHS Wales, and the key is a programme of improved quality, performance, integration and transformation.

Over the last six months the Chief Executive of NHS Wales and his leadership team (comprising the Health Board and Trust Chief Executives and the Executive Directors Team from the Welsh Assembly Government) has developed and implemented the first stages of a five year strategic framework to meet the challenges ahead. The aim is to improve health; raise system and service performance and quality; and transform health services, to create a health system that is fit for purpose. The health system must be not just clinically and financially sustainable, but must embed excellence in all it does and place the patient at the centre of its planning. The strategic framework will set out what is required to improve health outcomes, system performance and financial sustainability.

The challenge now is to implement the framework (annex 1 describes a simplified delivery narrative for the framework).

The potential gains are immense. Wales can reverse the situation where health is poor and seize the opportunity to make rapid strides. Every penny spent on health care must count as an investment in the future. Health and healthcare must be put on a sustainable basis, so that problems are anticipated, reliable services are maintained for everyone - especially those in greatest need - and excellence provided everywhere.

The first step has been to address the most urgent challenge: closing the immediate financial gap. This has meant picking up the pace of improvement and performance. The key to success has been and will be purposeful and systematic “adopt or justify”
implementation of best practice programmes that have already proved successful in Wales to improve services, contain costs and generate savings.

LHBs, Trusts and the Directorate General must ensure the implementation of robust operational and strategic plans for the next five years based on full clinical engagement, staff involvement and partnership work. These plans need to ensure service improvement and financial balance while laying the foundation for the further service and workforce transformation that lies ahead.

The aim is to secure:

- improvements in quality of service that reduce variation, waste and harm
- patient-centred care
- a cohesive, motivated and professional workforce
- better value for money
- affordable world class health and social care services for the citizens of Wales.

Action is required to promote clinical engagement and leadership as the essential basis for strong and sustained progress. In addition, NHS Wales must be much more active in searching out and applying evidence and in generating or promoting research where it is lacking.

The transformation will have four core areas of focus:

1. **Improving performance, quality and financial stability by reducing harm, waste and variation**: building on the solid foundations of the *1000 Lives Campaign* and intelligent targets to promote adoption of best practices (on an adopt or justify basis) that will efficiently deliver the best possible care

2. **Capturing the opportunity of integration**: balancing health improvement and health care, creating integrated care, and aligning all the support systems, with a stronger focus on the role of the patient, carer, and citizen as co-producers/directors of their own health and care packages

3. **Empowering the front line**: providing clinical and non-clinical staff with the tools they need to lead change and deliver highly quality care

4. **Supporting services to deliver through good government and strong partnerships**: ensuring that the combined role of Chief Executive of NHS Wales and Director General of Health and Social Services within the Welsh Assembly Government is used to the full to drive joined-up working between NHS Wales and government, and a much wider partnership working agenda across government and public service to improve quality of life and well-being.

These themes are underpinned by a set of detailed initiatives that are known to work and are designed to support service transformation around three themes:

- health outcomes
- system performance
- financial sustainability.

Financial pressures, whilst challenging, create an opportunity to transform the way services are delivered by reducing waste, harm and variation. They are not and can
never be an excuse for reducing quality or access. A strong focus on health improvement will aim to give people a better quality of life and take the pressure off NHS Wales.

Much of what is proposed builds on and enhances a direction of travel that is well understood and supported across NHS Wales. Five design principles are guiding implementation:

1. Making LHB and Trust Chief Executives **personally accountable** for delivery with strong, transparent, specific performance management
2. Establishing a **clear narrative** explaining the direction of travel, that everyone in the Welsh Assembly Government, NHS Wales and their partners can understand and support
3. Putting **clinicians at the heart of the transformation**, leading from the front supported by a significant focus on quality improvement and capacity building
4. Tasking **national programmes** to provide LHBs, Trusts and clinicians with the support they need to break through, overseen by a Programme Board, chaired by the Director General.
5. **Careful re-alignment** of existing programmes and stronger partnership working between health, social care and other partners.

All of this depends on a strong accountability and governance framework which has been put in place over the last year.

The Strategic Framework consists of:

- an ongoing relentless drive on operational and clinical efficiency through the Annual Operating Framework
- a vision focused on NHS Wales delivering integrated care with its partners
- four strategic outcomes to turn principles into practice
- a structured delivery plan which includes the seven Health Board and three Trust plans
- 14 high value opportunities that are delivering both improvement and efficiency
- 11 national programmes which are ensuring that the opportunities are delivered.

These are driving and facilitating activity at national and local levels to deliver a number of high value opportunities which have been prioritised through the framework. The national programmes are led by a mix of Chief Executives and Executive Directors, each accountable to the Chief Executive of NHS Wales for delivery. They are managed and monitored by a joint board comprising of the Health and Social Services Directorate General Executive Directors’ Team, Trust and LHB Chief Executives and Chaired by the Chief Executive of NHS Wales. This board is tightly managing the delivery of the Framework, ensuring that the resources of the delivery organisations and the DG are aligned to best effect.

Regular programme reports are being provided to the joint board on key milestones and actions and new performance management arrangements are supporting this, together with “one on one” or “team on team” executive team performance management meetings throughout the year. The national programmes and local delivery plans are
connected and iterate on an annual cycle of continuous improvement. All of this activity is supported and coordinated by a central portfolio office.

**Exhibit 1 – Management Approach**
1. Working Approach and Terms of Reference

Project background

This report is a joint product of a project team drawn from the Health and Social Services Directorate General of the Welsh Assembly Government, NHS Wales, and McKinsey & Company. In September 2009, Welsh Assembly Government and NHS Wales convened the team to provide support in addressing the immediate financial challenge and formulating a five-year strategic framework for health services in Wales.

The team worked for seven weeks, reporting directly to Paul Williams, Director General, Health and Social Services for Wales. The project team included senior representatives from Welsh Assembly Government and NHS Wales with backgrounds in medicine, nursing, public health, finance, and performance management:

The project team were supplemented from time to time by information and other specialists who responded to a range of requests for additional data to support the ongoing work.

LHB and Trust Directors of Planning were briefed regularly on progress with the work and advised on important issues for further consideration. The project team presented progress to the project board on a regular basis, allowing the opportunity for clarification, advice and direction of the project.

Exhibit 2

Focus of the project

Challenges NHS Wales is facing

- Organisational change
  - Structure
  - Leadership

- Tough economic climate creating unprecedented financial pressure
  - Projected deficit of £60 million for current year
  - Structural gap worsening due to projected slowdown in funding

- Multiple ambitious objectives
  - Long-term strategy, e.g., Designed for Life
  - Shorter-term mandates from WAG

Critical questions

1. How can the LHBs/Trusts close current year budget deficits while delivering key operational targets?

2. What 5-year strategic framework should guide development of local service and financial strategies?
Terms of reference

The project was guided by clear Terms of Reference (see annex 2), key elements of which included:

- a response to both the immediate and the longer-term challenges
- a requirement to develop an approach tailored to Wales, consistent with Welsh priorities (for instance, avoiding market-based solutions and mandatory redundancies), and built on existing strategies
- a focus on the health of the population and good clinical outcomes as well as system efficiency.

The team worked extensively with NHS Wales leaders and experts to develop perspectives, formulate recommendations and build momentum for change. The approach was rooted in three commitments made at the outset of the work.

These were to:

- **work alongside Welsh Assembly Government /NHS Wales leaders** to develop plans owned by the service, rather than working separately to generate an external report
- **build on existing work and materials** wherever possible
- **engage the NHS community** to get input and enable clinical leadership of the change.

The work was divided into two workstreams. The first, with an immediate focus, was designed to assess the current year situation for each LHB, look at the drivers that would improve performance, analyse existing plans to close financial gaps and identify additional ideas to close those gaps. This workstream also had a medium term focus, i.e. 18-36 months, in supporting improved financial planning, structural gap root cause analysis and streamlined future planning.

The second was designed to capture and express the 5-year vision for NHS Wales. It focused on projecting the opportunities to achieve the vision under different funding scenarios given a range of potential demands. It also sought to express the choices that would be available to ensure that the resources available to NHS Wales could deliver the vision.

Work was undertaken at a rapid pace, based on weekly project team meetings reporting to the monthly project board chaired by the Director General, Paul Williams. Daily meetings took place between project team members and a wide range of clinical and managerial staff across NHS Wales and the Welsh Assembly Government. Wherever possible, these meetings were conducted in the field to enable as many NHS Wales and Welsh Assembly Government colleagues as possible to contribute to the work.

The approach taken was both bottom-up and top-down. The project team engaged in very detailed discussions with finance, clinical and managerial colleagues in LHBs and
Trusts. Detailed focus was given to existing expenditure patterns and predictions, run-rates, in year savings plans and progress, remedial plans to close emerging gaps and sharing best practice across all of the NHS Wales organisations involved. Initial meetings were followed up with detailed and intensive scrutiny of a wide range of financial and operational information. This in turn was supported by further focused meetings where more support and constructive challenge was deemed necessary to ensure that robust plans were firmly in place.

All of this work was underpinned by the substantial capacity that McKinsey brought to the project in the following areas:

- forensic examination of organisational financial data, budget plans, savings plans, trends, strengths and weaknesses
- data comparison and analysis between organisations in Wales
- data comparison and analysis between organisations in Wales and the rest of the UK
- the ability to draw on benchmarking data from a wide variety of national and international sources
- widespread and detailed knowledge of current healthcare issues, trends and developments.

Similarly, the project team engaged in detail with clinical and public health specialists about longer term trends and demands facing the Directorate General and NHS Wales.

Detailed information was sought on key indicators such as mortality and morbidity rates, prevalence of cancer and diabetes, obesity rates, self reported illnesses and utilisation of NHS Wales facilities and services. Particular attention was paid to changing demographics in Wales and expenditure patterns in areas such as mental health and continuing healthcare.

In addition to meetings with clinicians and managers, the project team ensured that they captured the views of a wide range of colleagues, stakeholders and social partners. Meetings were held with the leaders of the 1000 Lives Campaign, the All Wales Medical Directors and major trade unions and professional organisations amongst others.

Senior officials at Welsh Assembly Government also played an important role in ensuring that the project team fully appreciated the wider range of public health, professional and intra-governmental issues that the Directorate General considered were relevant to the development of the 5-Year Service, Workforce and Financial Strategic Framework.

The Framework is now being developed further with rigorous intellectual challenge by the Bevan Commission ensuring that NHS Wales’s strategic intent – the vision of integrated care - is properly defined and deliverable.
2. The Context

NHS Wales serves three million people and employs more than 80,000 staff, making it Wales’s biggest employer. The population of Wales faces significant health challenges, a complex legacy of an industrial past and economic and social deprivation. Wales has health outcomes that are poorer than its peers, a severe chronic disease burden, and persistent healthcare inequalities.

Wales has among the highest rates of cancer and heart disease in Europe. It has a high proportion of elderly people. Half a million people – a sixth of the population – will have a hospital stay in any given year. The delivery of health services also has to take account of the mix of rural, urban and valley areas that exist across Wales.

Despite these challenges, NHS Wales has much of which to be proud. It has successfully managed a major restructuring of over 30 organisations into 10 to completion within two years. This provides a strong foundation on which an integrated system based on collaboration can be built.

- NHS Wales has met the 2009 waiting-times targets, sustaining a long programme of improvement over several years with great energy and focus
- A new primary and community care strategy – Setting the Direction – has been welcomed with excitement and strong local engagement, and will lead to significantly improved outcomes in the near future
- The Chronic Conditions Management programme has started a long-term process to refocus services and improve the health and well being of those living with a chronic condition
- Our Healthy Future establishes a convincing public health platform on which to build long-term action to improve the quality and length of life for everyone in Wales and reduce unacceptable differences in health and quality of life
- Informing Healthcare provides a national architecture for collecting and using information vital for effective 21st century healthcare
- The Rural Health Plan provides a clear view of how NHS Wales needs to tailor its services to reflect the geographical and cultural differences inherent in its rural communities
- The 1000 Lives Campaign has created an outstanding model of clinical leadership, bringing together clinicians from across Wales to agree improvement initiatives, examine data, generate ideas and set aspirations, and then compare progress and share best practices. In its latest set of figures published on the 21st April 2010, the Campaign estimated that 852 additional lives have been saved in its first eighteen months and over 29,000 episodes of harm have been averted in its first twelve months.
The strategic framework since devolution

Since the devolution of health and social care to the National Assembly for Wales in 1999 (now the Welsh Assembly Government), the development of NHS Wales has been guided by a set of key strategies:

- in 2001, *Improving Health in Wales* set out the Assembly’s plan to renew NHS Wales, including significant investment (an increase of nearly 40% in the health budget over four years)
- in May 2005, the Welsh Assembly Government issued *Designed for Life – Creating World Class Health and Social Care for Wales in the 21st Century*, which proposed action to transform services over a decade
- in June 2007, *One Wales* (the agreement between the Labour and Plaid Cymru groups in the National Assembly), reaffirmed the commitment to a world class health service and committed the Welsh Assembly Government to “…move purposefully to end the internal market…” in order to improve health services for patients.

The end of the internal market in health is part of the wider Welsh Assembly Government determination to make collaboration, rather than competition, the bedrock of public service delivery in Wales. *One Wales* commitments include strengthening NHS finance and management; developing and improving Wales’ health services; ensuring access to health care; improving patients’ experience; and supporting social care.

Changes currently underway in NHS Wales

In 2008 the Minister for Health and Social Services set out a plan to reorganise NHS Wales by putting in place seven LHBs. Now for the first time, a single organisation in each geographic area is responsible for providing the full range of health services for a population. This change is of fundamental importance in paving the way for the development of an integrated care system.

NHS Wales’ reform introduced a new National Advisory Board chaired by the Minister for Health and Social Services and a National Delivery Group responsible for providing strategic leadership and management of NHS Wales chaired by the Chief Executive of NHS Wales. It dissolved 21 out of 22 existing LHBs as well as seven out of nine existing NHS Trusts and created a new Trust, Public Health Wales.

Six new LHBs have been established alongside Powys LHB, which remains in place. The LHBs work with the three NHS Trusts within a new framework which has ended the internal market in NHS Wales. The new LHBs were set up in June 2009 in shadow form, and became fully operational in October 2009.

Responsibility for commissioning highly specialised services and services of national importance previously led by Health Commission Wales became the responsibility of the LHBs at the beginning of April 2010. The LHBs are now planning these services through the Welsh Health Specialised Services Committee (WHSSC), a joint sub-committee of all of the LHBs. As a result, the LHBs have responsibility for what previously required three tiers of organisation – everything from health promotion
through to securing highly specialised care for those who need it – in a much more integrated system.

The three NHS Trusts - Welsh Ambulance Service NHS Trust, Velindre NHS Trust and Public Health Wales NHS Trust - are also vital parts of the new NHS Wales system.

The Welsh Ambulance Service NHS Trust provides high quality pre-hospital emergency care and treatment throughout Wales; and through its non-emergency patient transport service provides more than 1.4 million journeys to healthcare services per annum. Velindre NHS Trust provides a range of specialist services at local, regional and all Wales levels, including care for cancer patients in Velindre Hospital.

While LHBs are responsible for improving the health of their local population, action is also required by others. Public Health Wales NHS Trust is a new organisation, established in October 2009 alongside the LHBs, which replaced the National Public Health Service and Wales Centre for Health. It provides resources, information and advice to enable the Welsh Assembly Government, LHBs, Local Authorities and NHS Trusts to discharge their statutory public health functions.

To do this, Public Health Wales delivers a full range of public health services, seeking to:

- improve the health and wellbeing of the people of Wales and reduce inequalities in health
- protect against existing, new and emerging diseases and health threats
- contribute to improvement in health and social care services.

The Welsh Assembly Government also has a major role, as do local service delivery partners across public services.

**Current areas of focus**

Each year the Health and Social Services Directorate General issues an Annual Operating Framework (the ‘AOF’) which sets out the service improvements it expects NHS Wales to achieve. In recent years the spotlight has been on achieving improvements in access to high quality services, including the 26-week maximum waiting time target for planned treatments, unscheduled care, cancer and mental health.

It has driven:

- delivery of a range of national programmes and targets, with particular attention to delivery of the Access 2009 programme and improvement in mental health care and unscheduled care
- compliance with the Healthcare Standards for Wales and the 1000 Lives campaign
- improvement in the levels of efficiency and productivity
- a requirement to achieve financial balance alongside delivering the service objectives.

There are three significant changes in the current approach.
The AOF now includes a substantial emphasis on health improvement, linking to work on the new public health strategic framework *Our Healthy Future*. Each of the new LHBs has a Director of Public Health, and there is a growing focus on protecting and promoting health alongside efforts to improve services to those with health problems.

Secondly, there is a clearer expectation of strong collaborative working and integration across primary care, community services and partner organisations. This will be essential to delivery of strategic objectives relating to rural health and improvement in the care of people with long term needs.

In addition, there is an increasing recognition of the importance of clinical goals for improvement with the development of ‘intelligent targets’ which address improvements in patient care and outcomes, initially in three areas – cardiac care, stroke care and mental health services.

The AOF for 2010/2011 provides a relentless drive on operational efficiency and improving outcomes, and now forms part of the Strategic Framework.

In 2010/2011, NHS Wales must continue to focus its attention on eight key areas of change:

- shifting patient care into community settings
- reducing waste, harm and variation
- efficiency and productivity
- operating within available financial resources
- delivering through an effective workforce
- improving patient care and safety through the use of ICT;
- improving the quality of core services and delivering the national targets
- upstream prevention and well-being.

The AOF is ensuring that Health Boards are driving their Local Delivery Plans harder than ever before to achieve:

- shifts from acute services to community care, for example establishment of consistent chronic disease services
- repatriation of some services
- workforce development and staffing increases and reductions as appropriate by discipline
- week by week saving plans
- managing down of non core pay costs
- increasing focus on shared services
- strengthened Local Authority and Health Board partnership working.
3. The Challenge

The second task was to design a strategic framework for the future, starting with an assessment of the challenges facing NHS Wales. The ‘health’ of any health system—its long-term robustness—can be measured in terms of:

- Health outcomes
- System performance
- Financial sustainability.

Although there are important pockets of success, NHS Wales faces significant challenges in each of these areas.

**Exhibit 3**

The Welsh healthcare system faces substantial challenges: summary

<table>
<thead>
<tr>
<th>Reason</th>
<th>Example evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Health Outcomes</strong></td>
<td></td>
</tr>
<tr>
<td>1   Outcomes are poorer than peers</td>
<td>• Age standardised death rates are higher than in England</td>
</tr>
<tr>
<td></td>
<td>• Cancer mortality in Wales is declining but significantly lags behind international rates</td>
</tr>
<tr>
<td>2   The chronic disease burden is severe</td>
<td>• One-third of all Welsh adults (~800,00) have at least 1 chronic condition</td>
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<tr>
<td></td>
<td>• 57% of adults are overweight or obese</td>
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<tr>
<td>3   Big inequalities in health and health care</td>
<td>• The most deprived segment of the population is 50% more likely to have a limiting long term illness</td>
</tr>
<tr>
<td>4   An aging population is stretching resources</td>
<td>• The number of people aged 75+ will increase by 75% by 2031</td>
</tr>
<tr>
<td></td>
<td>• Continuing healthcare spend has increased 27% a year since 2003/4 (£75m to £248m)</td>
</tr>
<tr>
<td><strong>System Performance</strong></td>
<td></td>
</tr>
<tr>
<td>5   Hospital capacity is strained by suboptimal use</td>
<td>• A 999 call is 30% more likely to lead to a hospital admission than in the best English regions</td>
</tr>
<tr>
<td></td>
<td>• Occupancy rates are consistently &gt;90%, versus an 85% recommended limit</td>
</tr>
<tr>
<td>6   Other resources also used less efficiently than they could be</td>
<td>• OP follow-up DNA rates are twice as high in some areas than the best</td>
</tr>
<tr>
<td></td>
<td>• Wales prescribes 22 items per person versus 16 in England</td>
</tr>
<tr>
<td></td>
<td>• If Wales were to reduce its emergency length of stay to target, it could save ~£90m</td>
</tr>
<tr>
<td>7   Access challenges persist</td>
<td>• During 2009/10, no Health Board met the A&amp;E target of 95% of patients waiting less than 4 hours</td>
</tr>
<tr>
<td>8   Key costs are rapidly rising or persistently high</td>
<td>• Continuing care costs increasing at 27% annually since 2003/04</td>
</tr>
<tr>
<td></td>
<td>• Prescription costs are higher than England or Scotland</td>
</tr>
</tbody>
</table>

**Financial health**
The current system is unaffordable

- Costs have grown at 5% a year for the last 5 years and Wales is projected to face a £1.3bn - £1.9bn gap in the coming 5 years
- Annual cash growth in NHS funding in Wales has lagged behind growth in England over the last five years and will do so in 2010-11

SOURCE: WAG, NHS Wales Finance final budget reports, Stats Wales

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### Health outcomes

Health outcomes in Wales can best be described as mixed, both in terms of overall health of the population in comparison to other European countries, and in terms of the variation within Wales. However, there are many trends that give cause for celebration:

- continued improvements in infant mortality
- declining incidence of coronary heart disease
- reduction in early mortality from circulatory disease
- reduction in lung cancer incidence rates, and some reduction in adults smoking
- a reduction in MRSA
- the achievement of Access 2009 waiting times targets
- continued strong citizen satisfaction ratings in the Living in Wales survey
- faster cancer treatment, with consequent improvements in cancer survival
- earlier access to elective treatment and diagnostic tests, through reductions in waiting times
- shorter length of stay in hospital following elective surgery, leading to improved rehabilitation
- an increase in numbers of GPs and in NHS staffing generally, which leads to faster access to treatment in a wide range of services.

There are also trends that are a cause for concern, such as childhood obesity, alcohol abuse and substance misuse. This is a significant concern for the future health of the population, and serves to remind us that there are very significant challenges ahead.

While many of the underlying causes of poor population health are beyond the complete control of any health system, the government in Wales has been clear in its ambition to do everything it can to improve health outcomes. This requires a common effort from the Welsh Assembly Government, public and private bodies, communities, families and individuals. The statistics below highlight some of the challenges Wales currently faces in relation to a number of important health issues.

The most basic measure of health outcomes is **life expectancy**. Exhibit 4 shows life expectancy rates in Wales compared to European peers.
Exhibit 4

Life expectancy is slightly lower than England but higher than Scotland and following an upward trend

Male Life expectancy over time
Years from birth

Female Life expectancy over time
Years from birth

Cancer mortality rates are broadly in line with the rest of the UK (though somewhat worse than England). However, the UK as a whole performs significantly worse than other developed countries.

Exhibit 5

Cancer mortality in Wales has declined steadily but lags England

Cancer mortality rates, males, 1993-20051
Rate per 100,000 population

Cancer mortality rates, females, 1993-20051
Rate per 100,000 population

1 Age-standardised mortality rate per 100,000 population, UK and constituent countries, rolling three-year averages, 1993–2004

SOURCE: ONS, Cancer incidence and mortality: trends in the United Kingdom and constituent countries, 1993 to 2004
Exhibit 6

While the UK continues to lag behind other countries

Cancer mortality rates, international comparison, 1993-2006
Rate per 100,000 population

1 Age-standardised death rates per 100,000 population for selected causes are calculated by the OECD Secretariat, using the total OECD population for 1980 as the reference population.
2 Comparisons of mortality rates can give an indication of quality of healthcare, but should be interpreted carefully because many other factors, such as lifestyle, genetics and behaviour, also contribute to mortality rates.


UK Australia France Germany Sweden US

Sources: OECD Health Database, 2008, WHO

Stroke management is an important health issue, but quality indicators for Wales are substantially worse than England and Northern Ireland as measured by the National Sentinel Stroke Audit Phase II (clinical audit) 2008.

Exhibit 7

All key stroke indicators, apart from starting aspirin within 48 hours, remain lower in Wales than England and NI

Average compliance with 9 key stroke indicators1, 2008

1 9 key indicators: Patients treated for 90% of stay in a Stroke Unit, Screened for swallowing disorders within first 24 hours of admission, Brain scan within 24 hours of stroke, Commenced aspirin by 48 hours after stroke, Physiotherapy assessment within first 72 hours of admission, Assessment by an Occupational Therapist within 4 working days of admission, Weighed at least once during Admission, Mood assessed by discharge, Rehabilitation goals agreed by the multi-disciplinary team

Wales

England

Northern Ireland

“Until specialist stroke units are made available in all hospitals in Wales this situation is unlikely to be rectified... There is clearly a need for urgent action” National Stroke Audit, 2008

Though the death rate from heart disease is falling, it remains higher than in many European countries. Chronic conditions are a particular problem: two-thirds of over-
65s have at least one chronic condition\(^1\). A major driver of the chronic disease burden is **obesity**.

**Exhibit 8**

57% of adults are obese or overweight

![Adults reported Body Mass Index by age and sex](image)

SOURCE: Stats Wales, Welsh Health Survey 2008

Within Wales there are significant health inequalities, and the gap between those in good health and those with the worst health is widening. In some areas people find it difficult to access the healthcare they need.

\(^1\) ‘National service: health policy performance across the UK’, HSJ 28 August 2008
Exhibit 9

The most deprived areas suffer poorer health

Adults who reported key illnesses
Age standardised, %

- Limiting long-term illness
- High blood pressure
- Arthritis
- Any respiratory illness
- Any mental illness
- Diabetes

SOURCE: Stats Wales; Welsh Health Survey 2008

The ageing population presents a range of challenges to which the health care system must respond. The burdens of chronic disease and similar conditions are likely to increase in coming years, as the population ages. Wales already has a relatively elderly population compared to its peers, and this trend will accelerate.

Exhibit 10

The number of older people in Wales is forecast to increase dramatically

Total increase of age-groups by 2031

-75 yrs+: +75%
-60-74 yrs: +23%
-15-59 yrs: +3%
-0-14 yrs: -2%

SOURCE: Statistical Directorate, Welsh Assembly Government
System performance

As with health outcomes, there is much to celebrate in the operational performance of NHS Wales.

However it is clear that there are also opportunities for improvement. The pages that follow highlight a selection of operational performance challenges in NHS Wales. This selection reflects a moment in time when NHS Wales is on a positive improvement curve in a number of areas of key performance and there will be dynamic shifts in many of these areas month by month as 2010/11 progresses.

Overuse of hospital capacity is an issue. Hospitals in Wales are filled almost to capacity and there is compelling evidence that patients in Wales are more likely to be admitted to hospital than in similar areas, and that the length of time they spend in hospital for an episode of care is greater than in peer systems. The population defines quality of service by the number of beds, creating a reliance on acute hospital based care that may often be inappropriate and not in the best interests of patients and their recovery and rehabilitation.

Exhibit 11

General medicine bed occupancy rates are consistently higher than the optimum occupancy rate of 85%

<table>
<thead>
<tr>
<th>Year</th>
<th>2003/04</th>
<th>2004/05</th>
<th>2005/06</th>
<th>2006/07</th>
<th>2007/08</th>
<th>2008/09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bed Occupancy Rate</td>
<td>93.0</td>
<td>93.0</td>
<td>92.0</td>
<td>91.0</td>
<td>93.0</td>
<td>94.0</td>
</tr>
</tbody>
</table>

SOURCE: WAG QS1 Data 7 October 2009, Department of Health 2008

1 Includes General and Acute beds

Another example is that 999 emergency calls in Wales translate into A&E visits at rates significantly higher than in demographically-comparable regions of England, such as the Southwest and North East of England. This overuse of A&E places strains on the system.
Exhibit 12

In Wales a 999 call is substantially more likely to result in a patient going to hospital than in the best England regions

Percent 999 calls resulting in a patient been taken to hospital¹

This strain is exacerbated by relatively long, if improving, average lengths of stay (ALOS), and their variation across Wales.

In addition, Wales has high levels of hospital admissions for common chronic conditions, for example, an admissions rate for asthma of nearly 30% higher than the rest of the UK². While partly explained by the higher incidence of chronic conditions, this may also be due to an outdated focus on hospital-based services. At the same time health inequalities, chronic conditions and the over-reliance on acute settings of care need to be addressed.

Primary/community and outpatient facilities are not being utilised with optimal efficiency. ‘Do-not-attend’ rates are high, wasting appointment slots, and daycase rates trail peers.

¹ 1 April – June 2009

Exhibit 13

Outpatient first appointment DNA rates substantially from best to worst

<table>
<thead>
<tr>
<th>Location</th>
<th>DNA Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Velindre</td>
<td>5.3%</td>
</tr>
<tr>
<td>North Wales</td>
<td>5.9%</td>
</tr>
<tr>
<td>Powys LHB</td>
<td>6.0%</td>
</tr>
<tr>
<td>Hywel Dda</td>
<td>6.6%</td>
</tr>
<tr>
<td>Cwm Taf</td>
<td>7.3%</td>
</tr>
<tr>
<td>All Welsh Providers</td>
<td>8.2%</td>
</tr>
<tr>
<td>Cardiff and Vale</td>
<td>8.7%</td>
</tr>
<tr>
<td>North West Wales</td>
<td>9.1%</td>
</tr>
<tr>
<td>Abertawe Bro Morgannwg</td>
<td>9.2%</td>
</tr>
<tr>
<td>Gwent</td>
<td>10.0%</td>
</tr>
</tbody>
</table>

North east England Average 6.4%

5% target

SOURCE: WAG 2008/9, Efficiency & Productivity ‘returns’

In 2008/09, the NHS Wales Efficiency and Productivity programme took 15 (typically high volume / wide performance variation) procedures from a list of 25 daycase procedures prepared by the Audit Commission (the ‘Audit Commission basket’) as a basis to target improvements in same day delivery. Exhibit 15 shows the 2008/09 % daycase rate (expressed as a proportion of all elective case) against these 15 procedures (including Arthroscopy, Inguinal Hernia Repair, Varicose Veins).

Exhibit 14

Daycase rates are also highly variable

<table>
<thead>
<tr>
<th>Location</th>
<th>Daycase Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abertawe Bro Morgannwg</td>
<td>81%</td>
</tr>
<tr>
<td>North Wales</td>
<td>78%</td>
</tr>
<tr>
<td>All Wales</td>
<td>74%</td>
</tr>
<tr>
<td>Hywel Dda</td>
<td>73%</td>
</tr>
<tr>
<td>Gwent</td>
<td>71%</td>
</tr>
<tr>
<td>Cardiff and Vale</td>
<td>68%</td>
</tr>
<tr>
<td>North West Wales</td>
<td>68%</td>
</tr>
<tr>
<td>Cwm Taf</td>
<td>68%</td>
</tr>
</tbody>
</table>

SOURCE: WAG 2008/9, Efficiency and Productivity returns

1 Activity based 2008/09 data for 15 Audit Commission 2000 basket procedures
NHS Wales staff are highly trained and very capable, but there are indications that staff utilisation needs to be improved. Some staff have indicated via NHS staff surveys that the current fragmented system is constraining and does not maximise their contribution to delivering optimal healthcare services. This may contribute to the variable rates of sickness and absence which results in the use of agency and locum personnel to supplement full-time staff. Use of agency and locum personnel varies substantially across Wales and across all staff groups, and in almost all cases substantially exceeds targets. The result is that care can become more fragmented and does not provide the same level of continuity of care to service users.

**Exhibit 15**

Significant variation exists in staff sickness and absence rates

![Staff Sickness and Absence Rates Chart]

Source: WAG rolling 12 month average to November 2009

**Exhibit 16**

There is wide variation in agency and locum spend

![Agency and Locum Spend Chart]

Source: WAG rolling 12 month position to December 2009 (target 0.8%)
NHS Wales has met its commitment to reduce waiting times from referral to treatment to no more than 26 weeks. Nonetheless, other access and waiting time goals have not yet been met. Success in meeting targets relating to Accident and Emergency Departments (A&E) has also proved elusive. Even when standards are met there are sometimes significant variations in performance.

Exhibit 17

No Welsh Trust met the A&E waiting time target of 95% spending less than 4hrs in A&E

<table>
<thead>
<tr>
<th>Major A&amp;E Waiting Times - 12 Month Rolling Average to November 2009</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Betsi Cadwaladr ULHB</td>
<td>93</td>
</tr>
<tr>
<td>Cwm Taf LHB</td>
<td>91</td>
</tr>
<tr>
<td>Hywel Dda LHB</td>
<td>89</td>
</tr>
<tr>
<td>Aneurin Bevan LHB</td>
<td>89</td>
</tr>
<tr>
<td>Cardiff &amp; Vale ULHB</td>
<td>89</td>
</tr>
<tr>
<td>Abertawe Bro Morgannwg ULHB</td>
<td>88</td>
</tr>
</tbody>
</table>

Wales target 95%
Expenditure on **continuing health care** has increased at an average of 27% a year during the last six years.

**Exhibit 18**

**Continuing health care spend has been increasing at 27% a year since 2003/4**

<table>
<thead>
<tr>
<th>Year</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>03-04</td>
<td>75</td>
</tr>
<tr>
<td>04-05</td>
<td>88</td>
</tr>
<tr>
<td>05-06</td>
<td>107</td>
</tr>
<tr>
<td>06-07</td>
<td>136</td>
</tr>
<tr>
<td>07-08</td>
<td>180</td>
</tr>
<tr>
<td>08-09</td>
<td>249</td>
</tr>
</tbody>
</table>

SOURCE: NHS Wales Finance

In 2005 the Wales Audit Office published their baseline review of **mental health** services which suggested a fragmented and inconsistent service. Since then the Welsh Assembly Government has:

- set and met AOF targets
- ring-fenced mental health expenditure
- seen the Mental Capacity Act 2005, the Mental Health Act 2007 and the Mental Health Legislative Competence Order enacted
- invested significant capital in better services
- increased the number of patients appropriately subjected to detention
- appointed Vice Chair and Executive Directors with specific responsibility for Mental Health Services to the Health Boards.
Exhibit 19

Mental health costs have grown at 14% a year since 2005/6 across Wales, with some areas seeing costs increase much faster

Increase in mental health spend 2005/6 – 2007/8

<table>
<thead>
<tr>
<th>Area</th>
<th>Increase (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carmarthenshire</td>
<td>40</td>
</tr>
<tr>
<td>Anglesey</td>
<td>27</td>
</tr>
<tr>
<td>Neath Port talbol</td>
<td>24</td>
</tr>
<tr>
<td>Merthyr</td>
<td>21</td>
</tr>
<tr>
<td>Newport</td>
<td>21</td>
</tr>
<tr>
<td>Conwy</td>
<td>17</td>
</tr>
<tr>
<td>Denbigh</td>
<td>16</td>
</tr>
<tr>
<td>Vale Glam</td>
<td>16</td>
</tr>
<tr>
<td>Blaenau</td>
<td>14</td>
</tr>
<tr>
<td>All Wales</td>
<td>14</td>
</tr>
<tr>
<td>Bridgend</td>
<td>14</td>
</tr>
<tr>
<td>Flint</td>
<td>14</td>
</tr>
<tr>
<td>Swansea</td>
<td>14</td>
</tr>
<tr>
<td>Torfaen</td>
<td>14</td>
</tr>
<tr>
<td>Cardiff</td>
<td>13</td>
</tr>
<tr>
<td>Rhondda</td>
<td>12</td>
</tr>
<tr>
<td>Ceredigion</td>
<td>9</td>
</tr>
<tr>
<td>Monmouth</td>
<td>5</td>
</tr>
<tr>
<td>Wrexham</td>
<td>2</td>
</tr>
<tr>
<td>Powys</td>
<td>2</td>
</tr>
<tr>
<td>Pembs</td>
<td>2</td>
</tr>
<tr>
<td>Gwent</td>
<td>2</td>
</tr>
<tr>
<td>Caerphilly</td>
<td>0</td>
</tr>
</tbody>
</table>

SOURCE: WAG, LHB derived Programme Budgeting Returns

Financial sustainability

NHS Wales faces significant and increasing financial challenges. The state of public finances means that funding growth will be much smaller over the coming years than it has been in the recent past, while cost pressures are likely to continue to increase. In addition, the total growth in (cash) funding provided to NHS Wales over the last six years has been a third lower than that provided to NHS organisations in England, while operating cost pressures and the targets set for improving service quality and service access have been very similar in the two countries. Consequently, NHS organisations in Wales enter this more challenging economic period from a less financially secure platform.

Cost control has proved very challenging. NHS Wales has seen costs spiral upward for key categories of care. Continuing healthcare costs and the volume of mental health services purchased from the independent sector are among the most prominent examples. Spending in these and other categories has been persistently higher than other peer healthcare systems. These costs need to be brought under control, and services need to be delivered more efficiently in order to ensure that other aspects of care are not compromised.

An indicative model of financial performance suggests that if corrective action is not taken, a gap between NHS Wales funding and costs of between £1.3bn and £1.9bn could open up by 2014/15.
Exhibit 20
Scenario modelling suggests a cumulative financial gap of between £1.3bn and £1.9bn over the next five years

While this does not mean that the quality or volume of care will need to be reduced, it does mean that NHS Wales faces a significant challenge. However, if appropriate steps are taken now it is possible to close the financial gap while simultaneously improving quality and maintaining service levels and jobs, through service redesign and the elimination of unnecessary waste, harm and variation in the care provided. Current uncertainty around the global and national economy, and consequently around the fiscal stance of UK government, mean that forecasting the future funding available to NHS Wales is difficult at this point in time.

However, a number of scenarios have been modelled on the data available and based on a number of informed assumptions. These high-level assumptions used for the purpose of the modelling are described below. They take into account the baseline efficiency requirements that are currently predicted to be imposed over this period. Our better case scenario (lower cost growth with a 3% reduction in funding) accumulates to an estimated financial gap of £1.3bn over the five years. Our modelling of a more pessimistic scenario (with a higher level of annual growth in costs and a 4% annual reduction in funding) could increase the gap to an estimated £1.9bn by year five.

The cost projections embedded in the model assume no system or service transformation and therefore grow on a similar trajectory to the historical one. The projections should therefore be considered as a range of potential future cost depending on the interventions made between now and 2014/15.

In the projections, total cost is split into two underlying components: volume of activity and unit cost. These components reflect the drivers of cost—increased demand and unit cost inflation. Overall, activity volume is projected to increase by 2.8-2.9% annually, and unit costs by 1.0-2.7% annually.

Activity growth is split into two components: demographics and additional demand. Both components are projected to contribute significant overall cost pressures. The modelling team considered the age profiles across multiple acute and non-acute service lines and grew current activity by the forecast demographic growth in Wales. They then considered growth in the demand per person by reference to historical trends and
extensive clinical estimations of demand growth from the Healthcare for London review. Activity volume growth of 2.8-2.9% stems from total demographic growth of 0.8% resulting from the aging of the population and total demand growth of 2.1%-2.2% resulting from increases in surgery, medicine, primary care, and prescriptions. Much of the projected demand growth stems from low-volume but extremely-expensive activity, such as acute surgical procedures.

Unit cost inflation was split into two components – pay and non-pay – and modelled over time. Unit cost is projected to increase annually by between 1.0 and 2.7%, driven by pay inflation of 1.0-3.0% and non-pay inflation of 1.0-2.0%.

**Exhibit 21**

Separating total cost into activity and unit costs shows that growing demand and cost inflation are the major cost drivers.
Total cost increase is based on activity and unit cost growth assumptions

<table>
<thead>
<tr>
<th>Scenario 1 - High Cost Growth</th>
<th>Scenario 2 – Low Cost Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/11</td>
<td>11/12</td>
</tr>
<tr>
<td>Activity growth¹</td>
<td></td>
</tr>
<tr>
<td>- Demographic</td>
<td>2.9% p.a.</td>
</tr>
<tr>
<td>- Demand growth</td>
<td>2.2% p.a.</td>
</tr>
<tr>
<td>Unit cost growth</td>
<td>2.7</td>
</tr>
<tr>
<td>- Pay (70%)</td>
<td>3.0</td>
</tr>
<tr>
<td>- Non-Pay (30%)</td>
<td>2.0</td>
</tr>
<tr>
<td>Total cost growth</td>
<td>4.4</td>
</tr>
</tbody>
</table>

¹ Overall activity numbers are based on growth of individual service lines that are based on historical rates, Healthcare for London forecasts (informed by extensive clinical consultation) and local planning expertise. While overall growth seems similar in both cases, some service lines e.g. surgery are expensive and a small change in activity can impact costs.

The underlying assumptions have been extensively tested with Welsh Assembly Government finance and other experts, and together constitute a plausible picture of how the future may unfold. As with all forecasts these future projections are necessarily uncertain. Nonetheless, debates about the precise size of the financial challenge should not divert attention from the measures necessary to ensure NHS Wales operates on a financially-sustainable basis.

As the Welsh Assembly Government grapples with the uncertainties of a future Comprehensive Spending Review following the UK election, there is a possibility that the projections above could even prove to be optimistic.

In order to successfully navigate through the challenges it faces, NHS Wales will need robust and affordable operating plans for each of the LHBs and Trusts, as well as an overarching strategic framework. These plans and framework need to be financially sustainable and thus able to fund the critical aim of continuing to improve the health and well-being of the population of Wales. To be more precise about the challenge, each year NHS Wales is projected to require incremental efficiencies of about £350-400m to stay in financial balance.

In conclusion, the point needs to be made that financial sustainability will depend on developing a far clearer understanding of the relationship between resources and

³ The modelling explicitly incorporates the referenced variables in the ToR: demographic trends; impact and costs of new technologies; and modelling various scenarios and the impact of possible options.
benefits. There will have to be much more focused attention to getting the full value from every pound spent. What has become clear is the interplay between:

- harm – getting things wrong in outcome terms
- waste – misusing increasingly scarce resources
- variation – not collectively agreeing and providing the best everywhere.

Aligning these concepts brings into a single focus the needs and concerns of clinicians, managers and patients. Acting on them will squeeze most benefit from resources.

Tackling these three as a group can bring clinicians and managers together across the organisation in a shared approach that can transform care from the bottom up, and mobilise every clinical and managerial team in Wales. This approach is at the heart of what needs to be done, but will require levels of clinical leadership in critiquing and redesigning services – and sympathetic and insightful support from managers and finance directors – beyond that seen before in NHS Wales. The stage is set for meaningful, citizen focused integration.
4. The Opportunity

NHS Wales with partners has an opportunity to break with the past and make a decisive shift in the balance of services – away from a high cost model based on dealing with people whose health is already damaged to one based on local, early action wherever possible to promote and protect health and independence, and effectively arrest and reverse problems.

The Health and Social Services Directorate General is now ideally suited to make this shift a reality, working with fellow Directorate Generals and in partnership with the reformed NHS Wales and other local bodies.

The opportunity exists to create a clear, compelling and exciting vision of the future; one in which NHS Wales becomes a truly integrated healthcare system, designed to meet Welsh needs and priorities and comparable with the best in the world. Such a system will be organised around the needs of the public and the patient, with every element of the system working seamlessly with the others to provide consistent, cost-effective and coordinated services.

Exhibit 23

**NHS Wales’ vision is to transform itself into a well-functioning integrated care system**

- **Aspiration**
  - NHS Wales will bring together the different groups involved in patient care (including social care) so that services are more consistent, cost-effective and coordinated, therefore better meeting patient, organisation and financial needs.

- **Core elements**
  - Care is delivered seamlessly across multiple health organizations.
  - Care settings coordinated by shared access to knowledge and shared processes.
  - Care takes a patient-centred view.
  - Health population analysis, derived from individual patients’ information, used to inform system decisions (e.g., workforce allocation).  

**How an integrated care system looks and feels**

An integrated healthcare system recognises the role and contribution of patients, the public and carers in looking after their own health and managing health problems alongside care professionals. It eliminates the gaps and barriers between settings of care and organisations in the delivery of care. For patients this creates a sense of working
with a system that intelligently brings to bear its various components and capabilities to support them and provide the right care at the right time. For clinicians this creates channels allowing colleagues treating the same patient to share information and develop the best possible care plans. Where this does not always happen in practice now, a more integrated system offers opportunities to improve.

For example:

- **Prevention and health improvement**: People in Wales want and need good health to enjoy life to the full. If opportunities to support this are missed, people will continue to suffer avoidable harm and ill-health and their families and NHS Wales will carry the cost. Further major effort to protect people’s health and well-being at all stages in their life, building on the approach set out in *Our Healthy Future*, will both improve people’s life and take the burden off NHS Wales. The integrated NHS bodies have a tremendous opportunity to provide a strong lead here.

- **Healthcare and social care**: The interface between health and social care is critical in many areas; for example caring for frail older people, continuing care and treating people with mental health needs, since people may require support from both health and social care services. If badly managed, people may be passed back and forth between the two sectors as each tries to reduce its own costs rather than addressing the needs of the individual as a whole which may result in both avoidable costs and inappropriate care. A more integrated system would resolve these issues and incentivise both agencies to provide the right mix of services, working with the service user and responding to his or her agreed needs.

- **Primary care and acute care**: Within NHS Wales, patients with long-term and chronic conditions similarly may need coordinated care from different bases, which requires clear communication between the hospital specialist and the primary care clinician. This may not happen, where the culture and systems (e.g. electronic patient records) to support it are not in place, and so the patient may face an avoidable hospital admission. A better integrated system might appoint a case worker responsible for following the patient over time, acting as an advocate on the patient’s behalf, and ensuring proper communication across providers.

- **Unscheduled care**: People call 999 with a variety of problems, from life-threatening health emergencies and serious mental health incidents to serious-but-not-life-threatening incidents/events such as falls and minor health issues. The range of services that might best meet these needs is not yet in place. A more comprehensive and systematic service could provide accessible, responsive, high quality urgent care services that substantially reduce demand for hospital services. For example some 20% of 999 calls relate to patients who have fallen – direct access to a community falls assessment and treatment service could provide a high quality, safe service to a significant number of these people in their own homes, improving both the patient experience and reducing cost.
Government Integration

There are now just 10 NHS bodies providing care services and one part of government dealing with all issues regarding health and social care. This offers an excellent opportunity to simplify and streamline the interaction between the Welsh Assembly Government and NHS Wales.

Closer working within the Welsh Assembly Government can also support better working with a strong emphasis on service improvement, leadership development, efficiency and innovation; all in pursuit of improved outcomes for citizens.

Exhibit 24

Integration could substantially improve the experience for patients, clinicians and taxpayers

- NHS Wales doesn’t just treat me when I get sick—it helps me stay well
- Doctors and staff have the whole picture: they know about my recent hospital visit, what medications I’m on, etc.
- I have the information I need to make good decisions about my treatment options

- I’m a specialist, and I now spend half my time in community clinics, which makes sense for my patients and the system; I used to work only in the specialist hospital
- Health promotion is an important part of my job
- Social care and health care work together to figure out how best to care for patients, especially elderly patients requiring ongoing care

- Every pound I pay into the NHS goes farther than it did before
- The system has cut out duplication
- We finally have a 21st century system to deal with 21st century healthcare needs

There are of course many other areas of potential integration; acute and mental health, health and social care, across public sector organisations amongst others. Bringing these stakeholders together, supported by key enablers such as shared access to patient information, will transform the healthcare experience for patients, clinicians and taxpayers.

At the same time, the system would be able to use its resources—funding, workforce, estates, and information—more efficiently.

The wider Welsh Assembly Government has started on this journey and is now using its public service delivery agenda to deliver on efficiency and innovation. The Government has recently published Better Outcomes For Tougher Times: The Next Phase In Public Service Improvement.
This identifies the following areas for focus:

- **Lining up around outcomes for citizens and communities** – by concentrating resources and energy on those actions that will make a difference, aligning public services round commonly agreed priorities to achieve better outcomes
- **Offer public services that are more responsive to citizens** – by using the voice and experiences of citizens to drive change
- **Greater operational efficiency** – through improved procurement and commissioning, re-engineering business processes, asset and property management and exploiting the potential of ICT
- **Collaborating locally and regionally** – by developing the role of Local Service Boards, regional consortia and Spatial Plan Groups
- **Improving performance** – by moving away from targets to focus more on outcomes
- **Better information and evidence** – by using an enhanced Living in Wales survey and other measures to tell us how services in Wales are performing and improving
- **Incentivising and enabling improvement across public services** – by establishing an Efficiency and Innovation Board and developing a stronger Wales Social Partnership.

The last of these creates an enormous opportunity for the HSSDG/NHS Wales’ integrated care programme to sit at the heart of the Government’s public service agenda.

The Efficiency and Innovation Board, led by the First Minister’s Public Services Summit, will focus on:

- Building a shared understanding of the financial challenge facing public services and a commitment to promote efficiency and innovation across all organisations and partnerships
- Shaping the approach to a national Efficiency and Innovation Programme – to be led through the Efficiency and Innovation Board
- Reviewing progress on the national programme and advising the First Minister on its implications
- Leading the development and implementation of a national two-year Efficiency and Innovation Programme and reporting to the Public Services Summit on progress.

One of the core programmes for the next summit and the partnership to support will be healthcare integration. The potential benefits of NHS Wales/HSSDG aligning this framework with the wider public service agenda are many and significant.

NHS Wales is strongly committed to the delivery challenge articulated by the First Minister to all of the public service delivery bodies in Wales; and committed to working with partners to deliver it.
Exhibit 25

Integration also aims to use system resources to their fullest potential

<table>
<thead>
<tr>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Funding</strong></td>
</tr>
<tr>
<td>• Unnecessary hospital visits avoided</td>
</tr>
<tr>
<td>• Length-of-stay reduced</td>
</tr>
<tr>
<td>• Tests only administered once</td>
</tr>
<tr>
<td>• Most cost-effective medicines prescribed</td>
</tr>
<tr>
<td><strong>Workforce</strong></td>
</tr>
<tr>
<td>• Clinical and other staff more effective at both treating and averting health problems</td>
</tr>
<tr>
<td>• Workforce (skill mix, settings of care, headcount) optimised</td>
</tr>
<tr>
<td><strong>Estates</strong></td>
</tr>
<tr>
<td>• Reliance on some acute facilities may diminish as more care is provided in primary/community settings</td>
</tr>
<tr>
<td><strong>Information</strong></td>
</tr>
<tr>
<td>• Knowledge in the hands of those able to use it (patients, clinicians, leadership, etc.)</td>
</tr>
<tr>
<td>– Patient records</td>
</tr>
<tr>
<td>– System performance</td>
</tr>
<tr>
<td>– Population health data</td>
</tr>
</tbody>
</table>

Consistency with existing strategic direction

The vision of integrated care is consistent with the direction of travel laid out in earlier strategic documents. Rather than a dramatic strategic shift, what is needed now is a sharper focus on implementation; identifying the most important initiatives needed to deliver benefits to patients, public and staff, and proceeding quickly to execution.

It is important to recognise how much progress has already been made across Wales. Many demonstrators and pilot programmes are underway with the goal of improved system integration. These include programmes to improve coordination across health and social care, between primary and secondary healthcare and partners as illustrated in Exhibit 26.
Exhibit 26

NHS Wales is already taking actions to improve integration across isolated parts of the system

- **Chronic Care Demonstrate Sites**
  - CCM demonstrator sites in Carmarthen, North Wales and Cardiff to run until 2011
  - Development of joint CCM Health and social care implementation model
  - Carmarthen has a head of integrated services to run community services and CCM
  - 10% of admission avoidance attributed to CCM team

- **Community Continuing Teams**
  - Neath Port Talbot multidisciplinary community team with physiotherapists and occupational therapists available
  - Agreement to release social care resources for homecare and continued support
  - Multi-disciplinary discharge meeting to agree care package with the patient/family
  - Provides quality nursing care seven days a week, 6am – 11pm to offer alternative to care home

- **Hybrid Care Workers**
  - North Wales continuing Healthcare team, Cwm Taf rehab “enablement team”
  - Care assessed by nurse and delivered by care worker who has passed/NVQ competency test
  - Ongoing assessment by nurse
  - Takes care of personal care tasks (getting out of bed, breakfast etc) and basic clinical care (blood pressure, dressing change)
  - One reporting line to team leader across health/social care

- **Complex Care Teams**
  - Pembrokeshire to develop four complex care teams
  - Consists of health, social care, third sector staff and GPs
  - Aims to prevent people falling into crisis by identifying people at risk and preventing unnecessary admission to hospital

SOURCE: CCM Demonstrator project, Neath Port Talbot Continuing healthcare team, CHC Hywel Dda scheme briefing

However, while NHS Wales will need to continue to test new ideas, there will need to be a much more systematic approach to implementation of what works. NHS Wales should have at its core the principle that unexplained and unwarranted variation in practice is not acceptable and the focus will need to be firmly on progressively improving the availability of high quality services for all, meeting common standards through strong and consistent clinical leadership. The whole ethos of NHS Wales’ approach from national programmes through to local delivery has to be one of meeting the gold standard – “adopt or justify”.
5. Delivering in 2009/10

Clinical Quality improvement

Through 2009/10 the 1000 Lives Campaign added a new element to the attack on harm, waste and variation. The two year patient safety initiative, due to end in April 2010, enabled frontline staff to implement new ways of working which made a real difference to patient care.

Every Health Board and Trust was involved in the Campaign, working on up to six key content areas:

- improving leadership for quality
- reducing healthcare associated infections
- improving critical care
- improving medicines management
- reducing surgical complications
- improving general medical and surgical care.

The Campaign has been effective in rolling out best practice across Wales, such as the World Health Organization’s Surgical Safety Checklist. Patient safety ‘WalkRounds’ have been introduced in nursing homes, GP practices as well as hospitals, enabling staff to raise safety concerns directly with senior management, suggest solutions and ensure concerns are quickly acted upon.

Other elements included:

- ensuring that patients with deteriorating conditions are identified earlier, enabling nursing staff to intervene more quickly and request medical intervention
- developing a procedure to prevent pressure ulcers, which has led to some wards having gone more than a year without a case
- changing attitudes towards central line infections – they are now regarded as avoidable and often investigated as a critical incident when they occur
- ensuring catheter related blood stream infections are now a rare, rather than a common, event in Wales
- engaging the patient in the safety agenda through increased use of patient stories, complementing traditional reports and data-based information in board meetings
- reducing the number of surgical site infections – thanks to the replacement of razors with surgical clippers and better monitoring of patient’s temperatures before, during and after surgery
- working with GPs to improve the reliability of drug dosage instructions given to patients, particularly in relation to warfarin
- improving treatment for patients with chronic heart failure through enhanced services, including improvements in diagnosis, medication and lifestyle advice
• developing a number of ‘Trigger Tools’, which are now being used by GPs, the Welsh Ambulance Service and staff at Velindre Cancer Centre to identify and track potential harm.

In its latest set of figures published on the 21st April 2010, the Campaign estimated that 852 additional lives have been saved in its first eighteen months and over 29,000 episodes of harm were averted in its first twelve months.

The work of the Campaign will now begin a new phase. There will be a strong focus on accelerating the scale and pace of these improvements so that all patients in all settings can expect to receive such levels of care, given reliably all of the time. The programme will therefore have a number of mandatory interventions as well as ensuring that there are opportunities to sustain existing improvements and develop new clinical interventions and priorities.

**Service performance**

Despite the challenging financial environment facing NHS Wales in 2009/2010, a tight focus was maintained on the delivery of tangible service improvement for patients and higher levels of quality. Notable successes during this period regarding service delivery included:

• **achievement of the Access 2009 waiting times programme** - December 2009 saw the culmination of 4 years work with the delivery of 26 week referral to treatment targets. In real terms this has delivered a significant improvement for patients across Wales with:
  
  o no patient waiting over 26 weeks for treatment, other than for reasons of clinical complexity and/or patient choice. This level of performance has been sustained with 97.8% waiting less than 26 weeks for treatment in February 2010
  
  o significant reductions in the number of patients waiting over 36 weeks for treatment. In April 2009, the number of patients waiting over 36 weeks for treatment stood at 11,552. This had reduced to just 50 by the end of February 2010

• **improved access to cardiac services** - Cardiac referral to treatment waiting times have reduced significantly with a 98.1% of patients waiting less than 26 weeks on a cardiac pathway in February 2010. Since December 2009, no patient in Wales has waited more than 36 weeks for cardiac treatment

• **improved access to cancer services**. Performance against the 31 day target for non-urgent suspected cancer patients was achieved for the first 9 months of the year, with current performance levels standing at 98.8%; while performance against the 62 day urgent suspected targets was more variable, the underlying trend remained positive
• **improved ambulance response** - There has been considerable and sustained improvement in ambulance response times with Category A 8 minutes performance improving throughout year. This culminated in the national response time standard for Category A calls being achieved in March 2009 and largely sustained thereafter, with the exception of the severe winter period. As a result of the work undertaken across Wales, the variation in response times across unitary authorities also continued to reduce with the best recorded performance in Wales being achieved in March 2010, where the Welsh Ambulance Service Trusts achieved the 60% Category A response target in 21 out of 22 local unitary authority areas.

• **improved access to sexual health services** - The provision of access to patients requiring core sexual health services within 2 working days was steadily improved over this period from 87.3% in April 2009 to 95.3% in February 2010.

• **better management of people with chronic conditions** - The average length of stay for patients with chronic obstructive pulmonary disease, coronary heart disease or diabetes has decreased from 6.4 days in 2006/07 to 5.0 days. This has been supported by the reduction in multiple admission rates from 16.8% to 14.8%.

In addition, there has been a continuation of action to improve the quality of clinical care through a reduction in waste, harm and variation. This has resulted in notable successes between 2005/2006 and September 2009 including:

• a reduction of 0.5 bed days per hospital episode and a total of 66,000 bed days saved. The improvement made in orthopaedics is considerable with average length of stay decreasing by 1.2 days since 2005/06, resulting a saving of 36,000 bed days. A total of 41,000 bed days have been saved on emergency hospital stays.

• a reduction of 1.3% in acute follow up did-not-attend rates and a total saving of over 46,000 appointments.

• a reduction from 2.2 follow-ups for every new patient to 1.9 with an overall saving of 230,000 clinic slots.

• a reduction of 7,200 in theatres operations cancelled at short notice.

• a steady improvement in the proportion of theatre sessions running to planned time. This has saved 2000 hours or 660 sessions.

• a reduction in the proportion of patients attending as a follow-up in major A&E departments across Wales from 8.1% to 6.7%. This has been supported by improvement in minor casualty follow up rates which have reduced from 18.6% to 11.9%. The combined impact of these reductions has saved organisations approximately 35,600 follow up appointments.

• a reduction in staff sickness absence levels, with 43,000 lost days saved.

**Financial performance**

At the time of the restructuring – October 2009 – the former NHS organisations in Wales were forecasting a combined full-year deficit of £70m. In response to this outlook a number of actions were taken to:
• break-even within the financial year
• lay the foundations for improved financial performance and greater financial resilience in future years.

It became clear from the analysis of the first six months’ position that the typical requirement for cash releasing savings of about 5% was not being delivered by each organisation. This, in combination with a number of non-recurrent and unavoidable cost factors (such as swine flu), was driving a monthly run-rate overspend. In some areas, these factors were being exacerbated by other pressures such as the rapid increase in continuing healthcare costs. As a consequence, some additional funding was distributed to help LHBs and Trusts mitigate these exceptional non-recurrent pressures. The response to this position was focussed on the following areas:

**Strengthen savings**

• strengthening the delivery mechanisms for extant savings plans by reviewing the resourcing of schemes, monitoring and accountability arrangements
• benchmarking savings across LHBs to identify the scope for enhanced payback
• working with Chief Executives of Health Boards and Trusts and the Executive Directors Team in the Welsh Assembly Government to identify further savings opportunities, based on a review of experience outside of NHS Wales.

**Improving cost containment and control**

• challenging future spending by a rigorous focus on the monthly run-rate of expenditure in each organisation
• exploiting opportunities to monitor (more frequent) non-financial “lead indicators” in critical areas such as the use of temporary staffing.

**Enhancing regular performance review arrangements**

• instituting weekly conference calls with LHB Chief Executives and the Director General for Health & Social Services and Finance Director to review performance and to share ideas and experiences in real time
• introducing monthly performance charts to support the weekly conference calls, monitor progress against the targeted reductions to monthly expenditure run-rates and improve the quality of full-year forecasts.

At the year-end, all Health Boards and Trusts performed strongly to achieve financial break-even and are continuing to focus on actions to enable them to reduce their recurrent expenditure run-rate to a sustainable level.
Investing in the Future

Finally, it is important to note the volume of new capital schemes and primary care developments completed or approved in the year which will have an impact for years and decades to come.

Modern hospitals

Since April 2007, delivery of schemes worth over £817million has been ongoing. Over the past year, the construction of these major developments has moved on pace, especially in the Valleys where population concentration and health inequalities are greatest.

In the winter of 2010/11, Ysbyty Aneurin Bevan in Ebbw Vale, which received more than £53million funding from the Welsh Assembly Government, is due to open. The hospital will have 107 en-suite rooms, improving the standard of comfort, privacy and care for patients, as well as helping to reduce healthcare associated infections.

The £78.9million Welsh Assembly Government funded hospital in the Cynon Valley will replace outdated facilities in Mountain Ash and Aberdare Hospitals in early 2011. Like Ysbyty Aneurin Bevan, the hospital has been designed to meet patient needs, with a mix of 50 per cent single en-suite rooms and four-bedded single-sex en-suite bays.

Work at Ysbyty Ystrad Fawr in Caerphilly, supported by more than £172million Welsh Assembly Government funding, is expected to be completed by autumn 2011. Like Ysbyty Aneurin Bevan, this hospital will have 100% single room accommodation.

Last year, work started on the £22million Emergency Care Centre at Prince Charles Hospital, Merthyr Tydfil. This is due to be completed in autumn 2012.

£30million has been earmarked for the development of the Cardiff Royal Infirmary, and over £50million has been set aside for Phase 2 of the Children’s Hospital.

The £19million Ysbyty Alltwen in Porthmadog opened in July 2009. This development includes 30 in-patient beds, a 24 hour Minor Injuries Unit which will be co-located with a GPs Out of Hours Service, an Out-Patient department and X-Ray facilities. Ysbyty Alltwen has also been chosen as the preferred site for a new Dialysis Unit.

Welsh Assembly Government has invested £15million in a new CAMHS Unit which has been built on the site of Abergale Hospital and opened in July 2009. The new facility will provide help and support for children and young people in north Wales who are experiencing complex mental health problems such as severe eating disorders, mood disorders and self-harm.

Work is due to be completed on a £22million mental health campus at Wrexham Maelor Hospital this year. This integrated facility will link an adult mental health unit and an elderly mental health unit and will provide modern, state-of-the-art services.
In Mid and West Wales, two significant capital developments each valued at £10million or more received final approval. These were the CAMHS Inpatient Unit at the Princess of Wales Hospital, Bridgend, and Phase 2 of the Institute of Life Sciences project in Swansea. The CAMHS Inpatient Unit provide state-of-the-art facilities for patients across South Wales. The Institute of Life Sciences project links into world class research facilities that will benefit healthcare across Wales.

Approval was given for enabling works at Bronglais General Hospital in Aberystwyth. This is in preparation for a major redevelopment of the Accident & Emergency and operating theatre facilities for which over £30million has been earmarked. The modernisation of Morriston Hospital in Swansea is underway via a £20million investment in site infrastructure which will pave the way for further major works to modernisation of clinical and training facilities.

**Investing in community facilities**

The big single investments, to build new hospital or modernise existing ones, attract the most attention, but given the need to transform the way services are delivered and to provide more at a community level, where the investment is directed in future will change.

The vast majority of Primary Care schemes attract revenue support from the Welsh Assembly Government as reimbursement for accommodation in which GMS services are provided. Such schemes are procured through Third Party Developers and are not NHS owned.

During 2009/10 six primary care schemes were opened with an estimated capital value of £28.3million. These were City Road (Cardiff), Porth, Clydach, Port Talbot, Abergele and Bethesda. These ranged from smaller schemes to large resource centres which bring together a number of practices, and a wide range of other service providers.

A number of schemes are due to open during 2010/11 with an estimated capital value of £41.2million. Three are planned in the area of Cardiff and Vale Health Board, one in Cwm Taf LHB area and four in the area covered by Betsi Cadwaladr Health Board.

Additionally there are a number of schemes which are currently proposed from 2011 onwards. At the current time it is expected that seven of these will open during the financial year 2011/12 (1 in Aneurin Bevan, 1 in Hywel Dda and 5 in Betsi Cadwaladr area). There are a further 48 schemes at various stages of planning.
6. Tackling the Financial Challenge Ahead

The Wales Audit Office has recently observed that the days of rising public service budgets and employment are almost over for the foreseeable future. Public services throughout the UK, including Wales, face major cuts in their budgets from 2011/12 onwards. Total public spending across the UK from 2011/12 to 2013/14 is expected to remain roughly the same. However, a significant proportion of that public money will be used to pay off the national debt built up over the recession and to cover increased spending in areas like social security benefits as result of the recession. The result is that there will be real cuts in funding for public services across the UK. Forecasting budgets is inevitably a difficult task, and there are many economic and political variables that impact on public spending, not least of which is how quickly the UK Government chooses to pay off the debt and the rate of economic recovery in the coming years.

It is possible to set out a range of estimates for future public spending based on existing data. Based on HM Treasury figures, the Institute for Fiscal Studies forecasts real terms reductions of around 3.6 percent a year from 2011/12 to 2013/14. The Welsh Assembly Government estimates a real terms reduction in its main revenue budgets (the money used to run services and pay staff) of just under five percent a year from 2011/12 to 2013/14. It expects its capital budgets (money invested in buying and refurbishing things like offices, schools, buildings and computers) to decrease by almost 20 percent a year between 2011/12 and 2013/14. In total, these reductions are equivalent to almost £1 billion year-on-year reductions in the devolved budget. In this scenario, the devolved budget would be £2.7 billion lower in 2013/14 than the current 2010/11 budget.

The impact and challenge for public services are potentially even more significant than the figures on real terms cuts suggest. Public services in Wales are not used to even stand-still budgets. Budgets in Wales have risen by an average of around 2.4 percent above inflation since 2007/08. Had public service funding carried on in line with recent trends, real terms budgets for 2013/14 would be around £16.9 billion (Figure 5) whereas they will probably be around £11 billion to £13 billion. There could be a total gap of £8 to £14 billion over three years between where public services would have gone had they continued with business as usual and where they are likely to end up.

These issues for Government and public services in Wales are of course mirrored within NHS Wales, and whatever insulation the Welsh Assembly Government provides for frontline services like healthcare and education during the coming period, there is

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4 Wales Audit Office: A Picture of Public Services, Financial challenges facing public services and lessons learnt from our work, April 2010: pgs 4-6
already a paradigm shift underway in how resources are being allocated, monitored, managed and assessed in Wales.

Given this environment, it is timely that NHS Wales has made significant strides in 2009/10 towards its new delivery model, designed to deliver during a period of fiscal challenge. It is now building on this experience in 2010/11 to go further and faster towards financial efficiency and stability coupled with service improvement.

**Nature of the challenge 2009/10**

In October 2009 (Month 7 of the fiscal year), LHBs projected a £70m deficit by the year’s end (March 2010). At the year-end, all Health Boards and Trusts performed strongly to achieve financial break-even and are continuing to focus on actions to enable them to reduce their recurrent expenditure run-rate to a sustainable level.

**Sources of the deficit**

While funding is increasing at only a small rate in 2010/11, it did increase from 2008/09 to 2009/10. The deficits were driven by escalating costs associated with a variety of sources. LHBs pointed to specific cost pressures, including:

- *Access 2009*
- continuing healthcare
- medicines/prescription drug costs
- events such as swine flu and winter pressures.

The two core components of any financial sustainability plan are a suite of high-opportunity savings initiatives and the programme management mechanisms put in place to deliver them. For NHS Wales, given the scale of the deficits and the short time-frame available to address them, the most logical approach was to build on approaches and initiatives that were already known to work within Wales, with a sharp eye to selecting those that would be sustainable over the long term. LHBs reported that they saved £61m over the first six months of 2009-10. The variety of initiatives that individual LHBs pursued suggested that there are multiple further areas in which the successes of one LHB can be replicated in others.

**Content of the savings initiatives**

The project team undertook an analysis of saving plans already in place, delivered or in implementation, across the LHBs. Savings initiatives were allocated into eight categories:

- Quality Improvement
- Workforce
- Continuing care
- Procurement
- Prioritisation of services
• Medicines management
• Accounting
• Estates and facilities
• Service redesign.

Within these general categories lies a wide array of specific savings ideas, about 80 distinct initiatives in total, ranging from service redesign initiatives such as reducing length of stay to support function measures such as improving supply chain management.

The analysis revealed substantial variation across LHBs in the level of savings aspiration for each category. In continuing care, for instance, validated savings targets varied from zero in one LHB to 9.2% of relevant spend in another LHB. In some cases, there are valid explanations for this variation. An LHB may have achieved savings in the previous year, leaving less room for improvement this year. And local conditions vary from LHB to LHB, creating greater scope for savings in some regions than others.

Nonetheless, workshops with the Directors of Finance and others generated a substantial opportunity to spread good ideas across the system. Each LHB was provided with a list of ideas and savings targeted by other LHBs. They subsequently identified areas of greater local opportunity. Some of these additional ideas have already been incorporated into their financial plans for this financial year. Taking these further will require the concerted efforts of all senior managers, with clinicians, to ensure that the focus remains on effective and efficient clinical services that meet patient needs.

Management of the savings programme

The second key component of delivering a savings programme is effective programme management. This in turn breaks down into four elements:

• Rigorous planning: Have credible and sufficiently detailed plans been developed? Do the plans include an estimate of impact on service quality, outcomes, access and cost, an accountable owner, and a clear set of action steps?

• Dedicated resourcing: Has the LHB identified appropriate personnel (including clinicians, managers and technical support staff) who are wholly or substantially charged with delivering on the programme?

• Fact-based reporting: Is there a regular report that includes key information on progress against targets, such as overall status, implementation steps completed and savings delivered? Is this report presented and discussed by management regularly?

• Executive ownership: Has the entire executive team (not just the Director of Finance) taken ownership of the programmes with named executives’ responsibility for implementing each programme? Does each savings initiative have an executive team member responsible for delivery?
A range of programme management practices were observed. As one would expect with new organisations, LHBs had in place some but not all of these elements. Examples of good practice and opportunities for improvement included:

- **Rigorous planning**
  - Good practice: Estimates based on demonstrated savings or real cost avoided
  - Needs improvement: “Intentions to save” rather than specific plans or unrealistic savings estimates, e.g., based on total cost of delivering rather than cost released; failing to account for implementation time (e.g., consultation)

- **Dedicated resourcing**
  - Good practice: Dedicated personnel (e.g., drawn from legacy executive teams); performance management toolkits
  - Needs improvement: Finance team members running savings programme alongside everyday work

- **Fact-based reporting**
  - Good practice: Weekly reporting; detailed spreadsheets of expectation vs achievement
  - Needs improvement: Infrequent review of plans; narrative rather than quantitative reviews

- **Executive ownership**
  - Good practice: Top priority at every executive meeting; each initiative with a responsible executive; clinical directors fully engaged
  - Needs improvement: Finance and quality agendas not joined up, e.g., Directors of Finance taking sole responsibility for savings programme; clinician leads relying on finance director to deliver difficult news.

The project team worked with the executive teams for each LHB to highlight these best practices and support them in developing mechanisms to improve local delivery. In addition, the Directorate General has initiated weekly conference calls with the LHB and Trust Chief Executives, to monitor delivery and facilitate best-practice sharing.

These weekly performance discussions arose out of a recognition that expediting practice sharing required a forum in which senior LHB leaders could learn from experiences outside their geography in order to pick up the pace of delivery. Chief Executives have clearly demonstrated a renewed and vigorous focus on run rates in key performance areas as a result.
The bottom line on all of this activity is that it has resulted in NHS Wales breaking even for 2009/10 from a position of significant challenge at mid year.

Management of the savings programme in 2010/11

The lessons of 2009/10 have provided a sound basis for the first stages of transformation in 2010/11 that will in turn lead to enhanced delivery and efficiency through to 2014/15.

Over the last year the Chief Executive/Director General has focused NHS Wales’ corporate approach to the service improvement and financial challenge by putting the Service, Workforce & Financial Strategic Framework in place.

At the heart of the Framework are two major thrusts:

- **Transactional** - a process of centrally driven, very focused weekly financial and performance management to deliver the immediate NHS Wales agenda
- **Transformational** - the development of 11 national programmes that are fundamentally changing NHS Wales’ service configuration, workforce profile and financial allocations to meet the challenges of the next five to ten years.

The elements of its **Delivery Plan** are:

- 2009/10 – year one has focused on picking up the pace of to deliver the extant Annual Operating Framework (AOF) and the £240m cost improvement programme
- 2010/11 – the AOF has been agreed further in advance than in previous years and Boards/Trusts are currently finalising their plans for next year which include the £350 – 400m cost improvement programme
- 2011/12 – 15/16 – there will be a focus on service transformation through implementation of both integrated care models and transformational cost improvement plans generating £350 – 400m year on year through to 2015/16.

The **14 high value opportunities** have been identified as areas where NHS Wales can achieve both service improvement and quantifiable efficiencies by changing practice (for example shifting diagnostics into home settings, creating joint health and social care teams, diverting A&E attendances into appropriate settings and improved patient information).

The **11 national programmes** are focusing on delivering the high value opportunities and will be chaired by a Health Board Chief Executive or a member of the Chief Executive/Director General’s team. As the programmes generate or identify best practice their products will feed directly into the Health Boards’ Local Delivery Plans on an adopt or justify basis.

NHS Wales has responded rapidly to these initiatives thus far, but given the major managerial response required there is now a real focus on investing adequately in the Framework’s change and implementation processes.
**Delivery Plan 2010/11**

The Annual Operating Framework (AOF) for 2009/10 and 2010/2011 provides a relentless drive on operational efficiency and now forms part of the Strategic Framework. In 2010/2011, NHS Wales must continue to focus its attention on eight key areas of change:

- shifting patient care into community settings
- reducing waste, harm and variation
- efficiency and productivity
- operating within available financial resources
- delivering through an effective workforce
- improving patient care and safety through the use of ICT
- improving the quality of core services and delivering the national targets
- upstream prevention and well-being.

The AOF is ensuring that Health Boards are driving their Local Delivery Plans harder than ever before to achieve:

- shifts from acute services to community care, for example establishment of consistent chronic disease services
- repatriation of some services
- workforce development and staffing increases and reductions as appropriate by discipline
- week by week saving plans ranging between £1 – 1.5 million
- managing down of non core pay costs
- increasing focus on shared services
- strengthened Local Authority and Health Board partnership working.

In parallel NHS Wales is pursuing 5 of the 14 high value opportunities that are being particularly prioritised and managed in a very structured and deliberate fashion during 2010/11 (see Exhibit 27). Delivering these prioritised opportunities will ensure that the Framework drives up quality and delivers significant cashable savings in 2010/11, whilst also providing impetus to the whole work programme. Successful implementation of these prioritised initiatives could realise savings of £50 – 100m in the current financial year.
The key opportunities for rigorous focus in 2010/11 are:

- procurement
- medicines management
- mental health
- wasteful interventions
- smarter commissioning of services provided outside of Wales.

As the Chief Executives management board follows through on its “adopt or justify” approach, it is delivery of these opportunities that will begin to transform the cost base of the service and begin to manage the demands upon it, driving NHS Wales towards a sustainable financial position.

The proposed framework will, if fully implemented, both drive up quality and control costs. It is estimated that by 2014/15 the 14 high value improvement opportunities could yield cumulative savings of £0.7-1.2 billion. This estimate is based on an extrapolation from actual productivity realised from similar initiatives by other health systems. The savings would stem from reduced costs across all major spend categories of the system.

Our financial modelling suggests that savings at the upper end of this projection will be required to ensure the NHS operates on a firm financial footing.
7. The Transformation Plan

NHS Wales and the Directorate General has now identified and put into place the strategic framework that is driving the realisation of better health and the vision of NHS Wales as an effective integrated care organisation.

The overall framework can best be articulated across four core areas of focus over the immediate future that will move NHS Wales from transactional plans to achieve financial balance and service improvement; to transformational plans that will shift the dynamics of the healthcare system and radically improve the health trajectories of the citizens of Wales:

1. **Improving performance, quality and financial stability by reducing harm, waste and variation**: building on the solid foundations of the *1000 Lives Campaign* and intelligent targets to promote adoption of best practices (on an adopt or justify basis) that will efficiently deliver the best possible care

2. **Capturing the opportunity of integration**: balancing health improvement and health care, creating integrated care, and aligning all the support systems, with a stronger focus on the role of the patient, carer, and citizen as co-producers/directors of their own health and care packages

3. **Empowering the front line**: providing clinical and non-clinical staff with the tools they need to lead change and deliver highly quality care

4. **Supporting services to deliver through good government and strong partnerships**: ensuring that the combined role of Chief Executive of NHS Wales and Director General of Health and Social Services within the Welsh Assembly Government is used to the full to drive joined-up working between NHS Wales and government, and a much wider partnership working agenda across government and public service to improve quality of life and well-being.

These areas for focus are born of the strong conviction that the financial challenge facing NHS Wales does not require reductions in the quality of care or the level of access provided to patients. On the contrary, organisations that provide the highest-quality care are almost always the most efficient. Fourteen substantial opportunities to bolster quality and productivity have been identified; if fully captured, these opportunities will improve quality while preserving financial balance. Accordingly, these joint quality and productivity enhancements lie at the heart of NHS Wales’ strategy for the next five years.

As the exhibit below shows, it is projected that over the next five years NHS Wales has the potential to reduce its annual running costs by a total of £0.7-£1.2 bn. A series of specific reform initiatives to achieve this are set out below. Most of these initiatives are already underway to some degree across Wales. These early successes are now being expanded and driven more comprehensively by Chief Executives across the system.
Initiatives contain potential run-rate cost efficiencies of £0.7-1.2bn

Initial estimates of potential recurrent savings opportunities for NHS Wales by 2014/15 £m

Initial estimates of potential recurrent savings opportunities for NHS Wales by 2014/15 £m

SOURCE: WAG finance and performance team, team analysis

Improve performance, quality and financial stability by reducing harm, waste, and variation

NHS Wales has identified both effective and ineffective interventions, but has been slow to spread best practice or to stop unproductive practice, therefore NHS Wales should:

- **Maintain the work towards being a truly world-class healthcare system by 2015**
  - Stop unnecessary clinical interventions
  - Stop avoidable harm and waste and variation
  - Rationalise the quality improvement capacity currently available, creating a single small, agile and efficient unit
  - Promote clinical leadership of quality improvement by investing in senior leadership
  - Create from the many individual examples of improvement a system-wide approach through making a step change in capacity at the frontline, by running a vigorous capacity-building programme for 500 staff over 2 years, built around locally relevant and aligned improvement projects with an explicit business cases for each
  - Agree appropriate clinical indicators, as developed in the 1000 Lives Campaign and Intelligent Targets
  - Ensure individual organisations are improving, by learning from their own performance over time against clinical indicators
- Prioritise “Quality Accounts” which will enable Boards to focus on quality improvement as a core function
- Step up benchmarking against best clinical outcomes
- Develop a tracking, support and response capacity in Wales around high level system indicators such as mortality and harm
- Stop ineffective elective procedures that are still carried out
- Establish which interventions are most cost-effective and should be the standards everywhere
- Reduce variation in outpatient referrals (new and follow-up) and diagnostic use
- Develop undergraduate training in quality improvement, building on the 1000 Lives Campaign and introduce a national collaborative of educational institutions to implement undergraduate quality improvement teaching
- Continue the positive challenge and support of the strategic relationship with the Institute for Healthcare Improvement.

Exhibit 29

In Wales the National Public Health Service issued a list of ineffective treatments in 2005 and 2009 based on NICE guidelines

- The system has been slow to act on these guidelines
- Needs rigorous enforcement at national level
- Stopping these treatments would improve quality of care and eliminate waste

 SOURCE: National Public Health Service for Wales

- Improve acute performance and reduce length-of-stay
  - Improve productivity e.g. reduce variability of finished consultant episodes per clinician, increase nurse patient-facing time
  - Reduce variation in non-clinical staff productivity
  - Reduce length of stay, e.g. through improved efficiency, discharge plans created at time of admission, reducing morning discharges
  - Optimise staffing according to historical activity levels over time (demand management)
  - Conduct utilisation reviews to ensure resources being used effectively.
• **Improve primary and community care performance**
  o Manage effectiveness and improve productivity to reduce variability, e.g. in GP attendance and district nurse visits.

• **Improve mental health service provision**
  o Review contracting for out-of-system placements
  o Use crisis resolution teams to reduce inpatient admissions and talk therapy to reduce outpatient treatments.

• **Co-ordinate between LHBs and with social care to provide flexible and appropriate treatment and support**
  o Reduce private spend, increase repatriation and redistribute patients from medium/high security to low security settings.

There are a number of golden rules that support improving mental health service provision.

**Exhibit 30**

**The golden rules for improving mental health**

<table>
<thead>
<tr>
<th>Service model</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Build register of severe mental illness patients and discharged inpatients</td>
<td>▪ Equip A&amp;E clinicians with the skills and tools to screen people for Mental Health problems and utilise the care pathway to ensure appropriate referrals</td>
<td></td>
</tr>
<tr>
<td>▪ Introduce link workers to provide info and support to patients and their carers as well as a route back to specialist Mental Health services if required</td>
<td>▪ Create care plans with all registered patients; to include future care, action for a crisis, advice for GPs and to be used to set regular care coordinator meetings</td>
<td></td>
</tr>
<tr>
<td>▪ Annual meetings with ‘regular and substantial careers’ to assess their role, provide them with relevant support and help them to develop care plans for their patient</td>
<td>▪ Improve access to talking therapies and community and primary care based Mental Health services to provide early intervention and promote self-help</td>
<td></td>
</tr>
<tr>
<td>▪ Use crisis resolution teams to provide intensive home treatment and assess if acute admissions are necessary</td>
<td>▪ Integrate the pathway with the prison service providing care for inmates through GPs with special interest not secondary care</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Enablers</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Create local statement of success and performance metrics to track against it</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>System reform</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Review spot/block contracts to take account of sustained efficiency improvements</td>
<td>▪ Rationalise out of area placements</td>
<td></td>
</tr>
</tbody>
</table>

SOURCE: Team Analysis
- Manage medicines more effectively
  - Create central point of procurement (National Pharmacy) to reduce wholesale payments, optimise supply chain to hospitals and reduce brand price
  - Reduce variation in prescribing, increase use of generics, increase pharmacy clawback
  - Integrate primary/secondary prescribing.

- Improve procurement and supply chain
  - Reduce wastage throughout the supply chain of clinical and non-clinical supplies, including GP supplies
  - Drive improved value for money from the procurement of services from English providers
  - Roll-out the implementation of the xchangewales (electronic procure to pay facilities) to reduce transaction costs and improve procurement information to drive better strategic sourcing
  - Strengthen the capacity and capability of the professional procurement resources within NHS Wales
  - Improve internal supply chain arrangements, thereby reducing stockholding costs and the frequency of deliveries and review the viability of off-site consolidation
  - Work with public sector partners to exploit opportunities for the further aggregation of demand and pooling of expert resources (including the potential use of shared services).

Capture the opportunity of integration

- Drive highest-value prevention campaigns (public health)
  - Focus public health initiatives to maximise prevention impact through evidence based cost benefit analysis.

- Improve long-term care pathways and deliver more care in new settings
  - Implement best-practise care pathway protocols for specific long-term conditions (cardiovascular, cancer, asthma, chronic obstructive pulmonary disease, diabetes)
  - Enable and encourage self-care (early presentation and diagnosis)
  - Implement active case management systematically across NHS Wales
  - Deliver more outpatient and day cases in settings outside of acute hospital settings
  - Deliver day case procedures as standard
  - Improve GP access to expand specialist capacity and radiology/diagnostic services in the community.
A series of golden rules have been developed to support implementation, described at Exhibit 31.

**Exhibit 31**

**The golden rules of long term condition management**

| Enablers | ▪ Design best-practice care pathway protocols for specific LTCs and ensure universal adoption  
▪ Create clear governance model to monitor and control implementation  
▪ Identify high-usage patients and create a register  
▪ Connect, underpin and enable with good, integrated IT and telecoms |
| --- | --- |
| Self care | ▪ Encourage early presentation and diagnosis of LTCs  
▪ Engage, train and utilise patients in managing their diseases |
| Active case management | ▪ Assign nurses to pro-actively manage cases of registered patients  
▪ Make multi-disciplinary teams available for nurses to draw on (the panel)  
▪ Ensure a clinically accountable consultant oversees entire management pyramid |
| Service configuration | ▪ Redeploy workforce to enable specialist capability in the community  
▪ Embed culture and incentives to move patient to community-based care where possible  
▪ Reconfigure hospital outpatients as fast-track clinic for unwell patients |

**SOURCE:** Team Analysis

- **Improve the quality of continuing care through health and social care integration**
  - Develop system-wide adoption and incentive plans to improve links with social care
  - Create a wider range of local joint teams involved in assessment and ongoing care
  - Develop more efficient sharing of information
  - Improve engagement on admission and discharge process.

- **Develop an improved unscheduled care pathway**
  - Create single point of access, for example to reduce unnecessary A&E attendances through expanded 999 call triaging and improved access to community based assessment and treatment services and where appropriate specialised assessment and treatment teams (e.g., falls, mental health)
  - Offer new services at the front-end of A&E, that might prevent delays and offer more appropriate alternatives
  - Direct attendances to appropriate alternative settings (clinical evidence identifies that roughly 45% of A&E attendances should be treated by primary care services).

Implementation will need to adhere to a set of core rules as described at Exhibit 32.
Exhibit 32

The golden rules of unscheduled care management

- Establish and devolve activity to primary care centres with at least 12x7 opening, with doctors present and diagnostic services – working at scale
- Offer multi-disciplinary primary care services at front-end of A&E (in the long-term this must be integrated into primary care)
- Create ‘care in the community’ rapid response teams to deliver care closer to home
- Implement triage system at point of access to refer calls to the optimal care provider

Service configuration at scale

- Multi-disciplinary intermediate care teams agree palliative care plans with patients

Enablers

- Track performance against relevant metrics e.g. non-elective admissions, FFU ratios, etc. and make performance transparent
- Re-design urgent care pathway around single point of access and monitor utilisation of the pathway on an ongoing basis
- Educate and train paramedics in refreshed urgent care pathway
- Use care plans to facilitate timely discharge
- Implement programme to incentivise GP referrals

Active case management

- Implement cross-system patient information and informatics (Informing Healthcare).

ICT systems will be essential to ensuring integrated care works efficiently.

Informing Healthcare on behalf of NHS Wales will:

- Enable the delivery of integrated care by rolling out an integrated patient health record to allow patient information to be made available and shared in all relevant care settings
- Develop and implement a summary Social Care Record to complement the Individual Health Record (IHR) and make both widely available in primary and community care settings through a common portal
- Agree appropriate common information governance procedures which cover consent, authorisation and access controls
- Active system support for pathways to improve Pathway Management by developing a common enterprise-wide scheduling system that will control workflow
- Adopt a common national approach to Medicines Management through the Welsh Clinical Portal
- Use information relating to population risk stratification, service quality standards, patient safety, system efficiency and clinical outcomes
- Develop informatics staff and create informatics services which have the required capacity and capability to manage quality of care pathways across health & social care
- Achieve best practice quality standards of effectiveness and efficiency
- Support professional workforce development
- Promote a culture of clinical and professional leadership for informatics to improve the status of informatics at Board level within all NHS organisations
- Utilise existing clinical infrastructure already in train (e.g. clinical workstations, clinical portals, e-referrals & e-discharge) during the migration to common all-Wales systems over time
- Oversee and direct opportunities for common infrastructure and IT platforms across public services (e.g. PSBA), linking into developments through the Public Services Efficiency and Innovation Board
- Support emerging priorities from other national programmes.

**Exhibit 33**

**Effective IT systems are essential to achieve integrated care**

- Full health informatics
- Holistic view of health, across settings
- Single view across healthcare settings
- Real-time access to diagnostic data
- Accurate and unbundled costing of care
- Access to personal health record
- Access to information to support self-care
- Cost & quality transparency
Empower the front line

- Establish service line management and patient level costing
  - Establish service line reporting to understand drivers of cost at front line
  - Enable clinical leadership by devolving responsibility
  - Improving management skills of clinicians, with clear targets for success
  - Continue development of SLR information systems with patient-level costing as a target.

- Modernise and align the workforce to make it more sustainable
  - Ensure necessary skill-mix of workforce to provide required care sustainably
  - Deploy workforce rationally to meet the activity demands required locally, including meeting, for example, 24/7 and 18/7 working requirements.

Supporting services to deliver through good government and strong partnerships

- Streamline and refocus the centre
  - It will be important to define the role of the centre – government - in the reorganised NHS
  - NHS Wales should deploy central resources to support LHB/Trust strategic initiatives directly
  - NHS Wales should ensure that policies and priorities from the Centre are consistent, coherent and support the strategic framework.

Exhibit 33

As a first step it will be important to clarify the role of the Centre in NHS Wales

<table>
<thead>
<tr>
<th>Role definition</th>
<th>Strategic guidelines</th>
<th>Strategic planning</th>
<th>Operational</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic architected</td>
<td>Provides high-level guidance to LHBs and ensures synergies are captured</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategic Controller</td>
<td>Provides strategic priorities to LHBs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operator</td>
<td>Tightly manages LHBs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hands-off delegator</td>
<td>Tightly manages LHBs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial and quality</td>
<td>Provides strategic and operational flexibility to LHBs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stand alone LHBs</td>
<td>Shares systems</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shares skills</td>
<td>Same business systems</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Degree of integration with LHBs

Nature of corporate guidance

- Provides strategic priorities to LHBs
- Provides significant operating flexibility for LHBs
- Tightly manages LHBs
- Ensures synergies are captured
- Actively delivers some aspects of frontline delivery

Exhibit 33
8. Recommendations for Implementation

Overview of priorities and proposed timeline

Realising the vision of integrated healthcare will require a journey of several years. It entails transforming the system to establish, among other things, new ways of treating patients, improved settings of care, and a workforce aligned with the new strategy. The foundations for this transformation need to be laid now.

At the same time, NHS Wales faces urgent short-term challenges. The financial challenges pose a clear risk to delivery. Financial balance must be achieved while delivering on key operational priorities, such as providing safe services, and preserving the overall quality of care.

Consequently three phases of delivery were identified and NHS Wales is well into the second phase of its plan:

- 2009/10 – Delivery of the Annual Operating Framework (AOF) and lay the foundation for financial balance in future years
- 2010/11 – Agreement on and delivery of the next AOF, ensuring financial balance and a proper foundation for service transformation
- 2011/12-15/16 – Delivery of service transformation to a genuinely integrated system.

Experience from similar transformations in other health systems suggests three lessons.

1. **Scale**: the challenges are significant. It is unlikely that individual LHBs will have the capacity and capability to address each independently; co-operation across LHB boundaries, for example in building improvement capacity nationally, and in particular in sharing successful ideas, will be crucial

2. **Momentum**: it will be important to move to implementation quickly to establish momentum – many similar programmes fail to gain traction quickly and rapidly start to drift

3. **Unity of purpose**: successful delivery will require sustained focus on the limited set of objectives outlined. To the extent possible, short-term policy volatility or the introduction of targets and objectives unrelated to the strategic framework should be avoided.

Based on conversations with LHB/Trust and Directorate General leadership and observations on what has been successful in other health system transformations, a set of 5 key design principles to guide implementation is proposed:
1. Making LHB and Trust Chief Executives personally accountable for delivery, and giving them SMART goals (specific, measurable, aligned, realistic/relevant and time based)

Successful delivery requires firmly locating accountability at a single point and identifying clear, well-defined goals. This accountability must lie unambiguously with LHB and Trust Chief Executives for their respective organisations. The Chief Executives now have a clear set of quality and financial goals, and have put plans in place that will create the integrated care organisations and clinical and financial sustainability. Each LHB now needs to define and report clear performance metrics to allow assessment of progress against plan. The plans should take into account the national programmes (see section 4 below).

Exhibit 34

Each LHBs develops, and is accountable for implementing, its own 1 year and 5 year plans

Betsi Cadwaladr
Hywel Dda
Powys
Cardiff & Vale
Cwm Taf
ABM
Aneurin Bevan

Leadership
• CEO, Director of Planning, CFO, Med Director

Core team
• 1 leader for each initiative, to build on and tailor initiative plans to LHB needs/resources
• Supported by clinicians and functional experts as needed

Plan table of contents
Chapter 1: case for change
• Clinical outcomes
• Patient satisfaction
• Finances
• Staff engagement

Chapter 3: Initiatives
• Action plans
• Impact

Chapter 2: projected impact

Chapter 4: Enablers
• IT
• Organisation
• Resources
• Incentives

FOR DISCUSSION

Trusts to develop their own 1 and 5 year strategic plans

Local plans developed directly by senior team, with focused accountability for each initiative

Shows “past trend” projections for budget, headcount and quality-of-care

Compiles local plans to execute the initiatives, with clear and detailed actions, accountabilities, and timelines

Shows savings by initiative by year

For Discussion

2. Establishing a clear narrative explaining the direction of travel, that all of our stakeholders can understand and support

Successful transformations require a clear narrative that explains the direction of travel, inspires support and is cascaded throughout the organisation, serving as the basis for aligning a complex organisation towards a well-defined goal. This document sets out the basis for that narrative.
3. Putting clinicians at the heart of the transformation, leading from the front supported by a significant quality improvement capacity building exercise

The experience of numerous health systems has shown that successful transformations must have clinical leadership. This requires more than simply having clinical input; it requires giving clinicians the authority to shape and direct the change programme. It means, for example, ensuring that the highest-profile clinicians in Wales become and are enabled to become visible and proactive supporters of the proposed changes, acting as role-models for changed behaviours; and that clinicians throughout the service act not just as practitioners but also both as partners, understanding and taking account of responsibilities to ensure the whole system works as well as possible, and as leaders, proactively pushing forward change that improves the quality and efficiency of care.

The 1000 Lives Campaign has been a successful example of what can be achieved through clinical leadership. Its methodology should be replicated and used as a key vehicle for implementation. The key to this will be the creation of a single high profile clinically led unit supporting a substantial capacity building exercise. The attached exhibit outlines the beginnings of such an approach:

Exhibit 35

LHBs should convene clinical leadership teams to participate in an all-Wales collaboration process

<table>
<thead>
<tr>
<th>Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. For a given initiative, LHBs assemble a clinically-led team</td>
</tr>
<tr>
<td>2. Teams from across Wales come together for peer learning</td>
</tr>
<tr>
<td>3. Teams agree objectives and syndicate with LHB management</td>
</tr>
<tr>
<td>4. Respected group constructs evidence for what needs to happen</td>
</tr>
<tr>
<td>5. Teams agree measures to track process</td>
</tr>
<tr>
<td>6. Teams collect information to track internal trends and to compare progress between teams</td>
</tr>
<tr>
<td>7. Team leaders share experience and help each other via site visits and learning events</td>
</tr>
</tbody>
</table>

SOURCE: 1000 Lives, Model for Improvement Methodology

What is now being developed is based on “national purpose local action”. A multi-layered clinical leadership programme will be developed to engage clinicians as key drivers of improvement. It will target clinicians at all levels, from undergraduate to the most senior, tailored and blended accordingly, and will be closely aligned with initiatives in nursing and the work of the Academy of Medical Royal Colleges and the British Association of Medical Managers.
The best performing healthcare organisations world-wide are clinically led, and Wales will aspire to join them, drawing on evidence that clinicians are best and most productively engaged when quality, outcomes and cost are aligned in systems. The leadership programme will focus intensely on developing the skills and attributes known to be best associated with improved outcomes.

4. Creating national programmes to provide LHBs and clinicians with the support they need to break through, backed by a directorate-general that is an exemplar in public service collaboration

Exhibit 36

While accountability for delivery must rest with each LHB, the scale of the challenges means that it is unlikely any individual LHB will be able to develop, independently, a robust approach to all the proposed initiatives. Consequently national frameworks have been established to ensure best practice and successful approaches are shared efficiently across LHBs and that the same groundwork is not replicated unnecessarily across Wales.

Each programme is being co-led by an LHB/Trust Chief Executive and/or a senior Welsh Assembly Government leader. Where relevant, they also have a national clinical programme lead. The Directorate General in Cardiff has created a programme management board (PMB) to support the overall process of transformation. The PMB is now convening the senior leadership of NHS Wales (including central executive directors and the Chief Executives of the LHBs/Trusts) on a monthly basis.
The programmes fall into three categories – the seven service programmes provide the principle service transformations that need to be made across NHS Wales; the two enabling programmes look at the system changes that need to take place in the workforce and back office functions; and the two cross cutting programmes take a broad look at the partnerships that need to be forged with citizens and other public service organisations to deliver the vision of integrated care. Each of the programmes has a similar overriding end point – patient safety and quality outcomes.

The responsibility for leading one of the proposed national programmes is one of leadership. It is not accountability for overseeing the performance management of the individual LHBs and Trusts in Wales. The leadership responsibility is seen to be:

1. Leading and coordinating the national programme area through a programme management approach, with a personal commitment to the specific programme
2. Aligning the available resources, service and central, with the programme objectives, including a clear programme infrastructure
3. For the lead Chief Executive, being prepared for their organisation to act as a national exemplar focused on implementation for the national programme area and to fast-track this learning and development across Wales
4. Bringing together the knowledge of the developments, service models and changes taking place across NHS Wales
5. Facilitating access to best practice across the whole system outside of NHS Wales and to promote and set expectations to comply with best practice
6. Providing policy input to assist central development
7. Developing and promoting strong clinical and professional engagement
8. Achieving a focus on delivery and implementation with clear timescales.

Local organisations are expected to develop their own plans to deliver against the national programmes, so that they develop a local momentum alongside the leadership emerging from the national programmes.

Programme capacity has been identified from within the existing LHBs/Trusts, particularly where an individual Chief Executive is leading, from within existing capacity in organisations (e.g. NLIAH) and Welsh Assembly Government and from those senior individuals who have remained displaced following recent appointment processes.

5. Careful realignment of existing programmes and stronger partnership working between health, social care and other partners

The partnership dividend is absolutely critical to the delivery of the Service, Workforce & Financial Strategic Framework. At least eight of the 11 programmes are dependent upon partnerships in Local Government and Social Care services in particular.

Many effective change programmes are already underway across Wales, most of which are consistent with and support the direction of travel of an integrated health and healthcare strategy. NHS Wales has for a number of years been required to collaborate with partners on producing local plans and strategies and a fund of experience and trust has been built up that can help support the next phase.

The challenge is to build on the success of existing programmes without losing focus.

The Welsh Assembly Government will work with local bodies to ensure that these different elements are managed together, and do not create artificial obstacles to efforts to improve services and outcomes for local communities. NHS Wales itself is in the process of addressing this challenge by mapping key existing programmes against the strategic focus areas. Once complete, this will help ensure that these programmes have a place in the transformation architecture. They will serve as a key building block going forward.

A broader reassessment of the role and responsibilities of government and the public sector in the light of the overall economic position and the acceptance of sustainable development as the ‘central organising principle’ has sharpened thinking around what needs to be done and how.

It is clearer than ever that the core argument for closer collaboration between local agencies is that it is the only way to secure the most from the resources available. Services must be focused and managed around what people need, and their success
rigorously monitored in terms of the real impact on people’s lives. It is not about service availability but about changing people’s lives. Sustainability requires action to eliminate – or at least cut to an irreducible minimum – waste, duplication, and service failure. Services that work together will achieve more and the dividend for the people of Wales will be a better quality of life.

Exhibit 38

Our Response – High Value Partnership Opportunities

A

Capture the opportunity of integrated care

1) Develop new settings of care and improve long-term care pathways
2) Improve quality of continuing care through health and social care integration
3) Develop improved unscheduled care pathways
4) Implement cross-system patient information and informatics

B

Improve quality and financial stability by reducing harm, waste and variation

5) Stop wasteful clinical interventions
6) Improve acute care performance and decrease length-of-stay
7) Improve primary and community care performance
8) Improve mental health service provision
9) Manage medicines more effectively
10) Improve procurement and supply chain
11) Drive highest-value prevention campaigns

C

Empower the front line

12) Streamline and refocus the centre
13) Establish service line management and patient-level costing
14) Modernise the workforce

For NHS Wales, this means an absolute commitment to questioning its own processes and boundaries and to searching out opportunities to work with others. It has made a start - the 1000 Lives Campaign has shown as never before how clinicians can transform care, improving patients’ experience and health and saving money. The core idea is to minimise waste and harm and variation. The next stage is to apply the same approach to working across organisational boundaries with partners.

NHS Wales is committed to exploring how it can help other Directorate Generals in the Welsh Assembly Government achieve their objectives as part of this agenda – for example in combating worklessness and child poverty, and how it must play its part in meeting sustainable development and climate change objectives.

Equally, as part of the common agenda, there is also scope for further cross-government action to improve health. The fulcrum here is Our Healthy Future and the idea of promoting health in all policies.
NHS Wales has an opportunity to transform healthcare in Wales. The creation of seven integrated LHBs creates bodies of sufficient scale and reach to break down old barriers.

The aspiration—to create a high-performing integrated healthcare system—holds the potential to improve not only financial sustainability but even more importantly, patient care and experience, and ultimately to transform the health of the people of Wales.

The strong support for change which has been seen across the service suggests that there is a readiness to embrace challenging new ways of thinking, and to reshape services to the benefit of the citizens of Wales.

This ends where it began;

*NHS Wales has an extraordinary opportunity to deliver its ambition and become one of the world’s high performing integrated healthcare systems. The challenge now is to seize that opportunity and develop a world-class health system for the citizens of Wales*

This framework demonstrates that NHS Wales is on its way to realising this opportunity. The people of Wales demand and mandate it. The next five years will challenge NHS Wales to deliver transformation – and our commitment to this is unshakeable and unyielding.
5 year Service, Workforce & Financial Strategic Framework

Over the last year the Chief Executive/Director General has focused NHS Wales’ corporate approach to the service improvement and financial challenge by putting the Service, Workforce & Financial Strategic Framework in place.

A central feature of the Framework’s development has been the creation of a programme management board chaired by the Chief Executive/Director General, comprising the Chief Executives of the Health Boards and Trusts and the HSSDG Executive Team. This board is tightly managing the delivery of the Framework, ensuring that the resources of the delivery organisations and the DG are aligned to best effect.

At the heart of the Framework are two major thrusts:

- **Transactional** - a process of centrally driven, very focused weekly financial and performance management to deliver the immediate NHS Wales agenda
- **Transformational** - the development of 11 national programmes that are fundamentally changing NHS Wales’ service configuration, workforce profile and financial allocations to meet the challenges of the next five to ten years.

The Framework consists of:

- an ongoing relentless drive on operational efficiency through the Annual Operating Framework
- a vision focused on NHS Wales delivering integrated care with its partners (see annexes 2)
- four strategic outcomes to turn principles into practice
- a structured delivery plan
- 14 high value opportunities (see annex 3) that are delivering both improvement and efficiency
- 11 national programmes (see annex 4) which are ensuring that the opportunities are delivered.

The Vision is:

“We will deliver the route map and implement a plan of action to create world class integrated health, social care and wellbeing services for the people of Wales, within five years, based firmly upon cross public service collaboration;

and a leading Directorate General in the Welsh Assembly Government providing excellent services to Citizens and Ministers – an exemplar of public service best practice and an organisation where people want to work, learn and prosper.”
The **Strategic Outcomes** that underpin the Strategic Framework are:

- Improving performance, quality and financial stability by reducing harm, waste and variation
- Capture the opportunity of integrated care
- Empower the frontline
- Support services to deliver with effective joint working across Government and Public Service partnerships (the Public Services Summit and the Efficiency and Innovations Board being key enablers for this).

The elements of the **Delivery Plan** are:

- 2009/10 – year one has focused on picking up the pace to deliver the extant Annual Operating Framework (AOF) and the £240m cost improvement programme
- 2010/11 – the AOF has been agreed further in advance than in previous years and Boards/Trusts are currently finalising their plans for the year which include the £350 – 400m cost improvement programme
- 2011/12 – 15/16 – there will be a focus on service transformation through implementation of both integrated care models and transformational cost improvement plans generating £350 – 400m year on year through to 2015/16.

The **14 high value opportunities** have been identified as areas where NHS Wales can achieve both service improvement and quantifiable efficiencies by changing practice (i.e. shifting diagnostics into home settings, creating joint health and social care teams, diverting A&E attendances into appropriate settings and improved patient information).

The **11 national programmes** are focusing on delivering the high value opportunities and will be chaired by a Health Board or Trust Chief Executive or a member of the Chief Executive/Director General’s team. As the programmes generate or identify best practice their products will feed directly into the Health Boards’ Local Delivery Plans on an *adopt or justify* basis.

NHS Wales has responded rapidly to these initiatives thus far, but given the major managerial response required to the challenge described above, we are now investing in the Framework’s change and implementation processes.

**Delivery Plan 2010/11**

The Annual Operating Framework (AOF) for 2010/2011 provides a relentless drive on operational efficiency and now forms part of the Strategic Framework. In 2010/2011, NHS Wales must continue to focus its attention on eight key areas of change:

- shifting patient care into community settings
- reducing waste, harm and variation
- efficiency and productivity
- operating within available financial resources
- delivering through an effective workforce
• improving patient care and safety through the use of ICT
• improving the quality of core services and delivering the national targets
• upstream prevention and well-being.

The AOF is ensuring that Health Boards are driving their Local Delivery Plans harder than ever before to achieve:

• shifts from acute services to community care, for example establishment of consistent chronic disease services
• repatriation of some services
• workforce development and staffing increases and reductions as appropriate by discipline
• week by week saving plans ranging between £1 – 1.5million.
• managing down of non core pay costs
• increasing focus on shared services
• strengthened Local Authority and Health Board partnership working.

In parallel NHS Wales is pursuing 5 of the 14 high value opportunities that are being particularly prioritised and managed in a very structured and deliberate fashion during 2010/11. Delivering these prioritised opportunities will ensure that the Framework drives up quality and delivers significant cashable savings in 2010/11, whilst also providing impetus to the whole work programme. Successful implementation of these prioritised initiatives could realise savings of £50 – 100m in this next financial year.

The key opportunities for rigorous focus in 2010/11 are:

• procurement
• medicines management
• mental health
• wasteful interventions
• smarter commissioning of services provided outside of Wales.
Annex 1 – Managerial model for delivering Service, Workforce & Financial Strategic Framework

Annex 2 – NHS Wales’ vision of integrated care

NHS Wales’ Vision is to transform itself into a well-functioning integrated care system

Aspiration
NHS Wales will bring together the different groups involved in patient care (including social care) so that services are more consistent, cost-effective and coordinated, therefore better meeting patient, organisation and financial needs

Core elements
- Care is delivered seamlessly across multiple health organizations
- Care takes a patient-centred view
- Care settings coordinated by shared access to knowledge and shared processes
- Health population analysis, derived from individual patients’ information, used to inform system decisions (e.g., workforce allocation)

**Annex 3 – High Value Opportunities**

**Our Response – High Value Opportunities**

**A. Capture the opportunity of integrated care**
- 1) Develop new settings of care and improve long-term care pathways
- 2) Improve quality of continuing care through health and social care integration
- 3) Develop improved unscheduled care pathways
- 4) Implement cross-system patient information and informatics

**B. Improve quality and financial stability by reducing harm, waste and variation**
- 5) Stop wasteful clinical interventions
- 6) Improve acute care performance and decrease length-of-stay
- 7) Improve primary and community care performance
- 8) Improve mental health service provision
- 9) Manage medicines more effectively
- 10) Improve procurement and supply chain
- 11) Drive highest-value prevention campaigns

**C. Empower the front line**
- 12) Streamline and refocus the centre
- 13) Establish service line management and patient-level costing
- 14) Modernise the workforce

---

**Annex 4 – National Programmes**

**Service Programmes**
- 1. Prevention and Promotion
- 2. Unscheduled Care
- 3. Mental Health
- 4. Long term Conditions, Primary Care and Primary Care Assurance
- 5. Continuing Health Care
- 6. Acute Care

**Enabling Programmes**
- 8. Informatics
- 9. Workforce Modernisation

**Cross Cutting Programmes**
- 10. Social Service and Partnerships
- 11. Patient Engagement, Experience and Coproduction
Terms of Reference for McKinsey & co.

In full, the Terms of Reference were to:

- review and challenge the 2009/10 NHS Trust and LHB Financial and Service Plans, and to provide a focus on and a co-ordinated set of actions to ensure that key targets are achieved during the period of transition to the new organisations
- work with the LHBs, NHS Trusts and the Welsh Assembly Government to develop coherent local, regional and all-Wales Service, Workforce and Financial Strategic Frameworks for the next five years
- base the Strategic Framework on the *One Wales* commitments, key policies (including Access 2009, Unscheduled Care and National Service Frameworks (NSFs), the Primary and Community Care Strategy and the Rural Health Plan)
- take a uniquely Welsh approach based on improving health services within the public sector – avoiding 'market'-driven solutions, such as the use of the private sector and private finance schemes, maximising the advantages of a fully integrated healthcare system, and building on close collaboration between NHS Wales and social care, and partnership working with Local Government, the Third Sector and Trade Unions
- avoid compulsory redundancies
- ensure that the commitment to quality through the *1000 Lives Campaign* would play a prominent role in driving up quality, spreading best clinical practice, minimising errors, eliminating waste and improving outcomes
- ensure that clinical engagement and leadership would play a key role in service modernisation and the spread of good practice
- make the centrality of public health to the new NHS in Wales a key feature of the Framework
- explore opportunities for working across the Welsh Assembly Government Directorate Generals
- prioritise development of a flexible workforce.

The Framework should take into account:

- demographic trends and demand for services
- the possible impact and costs of new technologies
- alternative strategies for meeting demand
- the scope and possible time scale for improving productivity and removing inefficiencies
- how these would combine under various scenarios.