

Summary of conclusions and recommendations

On the overall financial performance of NHS Wales

(i) We are concerned at the worsening financial position of NHS Wales. However, we recognise the efforts being made by the NHS Wales Department to investigate the reasons for this downward trend and to encourage the NHS bodies in Wales to establish achievable recovery plans. We strongly recommend that the NHS bodies co-operate closely with the NHS Wales Department to ensure that the finances of NHS Wales are brought firmly under control. This is fundamental to the future well being of NHS Wales and to those who depend on its services.

Response

Agreed. The NHS Finance Department and the Regional Offices are working closely with their NHS partners to review the reasons for the current position and to identify the action necessary to bring about improvement. In turn, Local Health Boards and NHS Trust are working together to identify areas where the necessary action can be undertaken.

Health communities have been asked to develop Strategic Change and Efficiency Programmes (SCEP) to eradicate the financial deficits by March 2006. This will be achieved through a combination of financial savings and loans (to cover the residual deficit once action to achieve savings has impacted). The loans will, in turn, need to be repaid by March 2009.

(ii) We recognise the challenges facing NHS bodies in Wales in coping with the increased demand and increased cost of primary care drugs. However, it is important to ensure that, in overall terms, cost remains within the cash uplift provided by the Assembly. We stress the importance of the role played by the LHB's in ensuring that the cash uplift is managed effectively to provide cost effective, good quality prescribing among general practice, and recommend that the NHS Wales Department monitor the results of this work closely.

Response

Agreed. The All Wales Medicines Strategy Group (AWMSG) was established by the Minster to provide advice in an effective, efficient and transparent manner to the Assembly on strategic medicines management and prescribing. This enables the Assembly to provide guidance on a standard pattern of approach to prescribing issues across Wales whilst permitting local flexibility.

In addition to the work of the AWMSG, the NHS Wales Department has included a requirement for LHBs to meet the seven high-level AWMSG prescribing indicator targets by April 2005 as part of its performance management (Service and Financial Framework (SAFF)) targets for 2004-5. LHBs will report their performance against the SaFF on a quarterly basis.

(iii) We are pleased to note that Carmarthenshire NHS Trust now has an agreed recovery plan in place and that it is making progress against it. We urge the NHS Wales Department to continue to monitor the performance of individual health bodies against agreed recovery plans on an ongoing basis so that early warning can be given where an organisation is failing to meet expectations, and remedial action taken as appropriate.

Response

We accept and agree that monitoring health bodies is crucial if we are to achieve a financially balanced position by 2006.

All regional health bodies provide monthly monitoring returns, signed by Directors of Finance which are reviewed by the Regional Office, and a summary passed to NHS Finance. The review is discussed, on an exceptional basis, by the Regional Head of Finance and the Director of NHS Finance.

The Regional Head of Finance meets all regional health bodies' Directors of Finance bi-monthly, formally, but more frequently informally.

(iv) We view it as unacceptable that money that could be spent on providing healthcare in Wales is being wasted by the Dental Practice Board. We look to the NHS Wales Department to ensure that any future funding provided to the Dental Practice Board is managed effectively and that progress has been made to address any loss of income resulting from patients falsely claiming exemption from dental charge.

Response

As the Assembly does not have the necessary powers to direct the DPB to undertake this function, arrangements to enable the Dental Practice Board to carry out verification checks, on patients claiming exemption from NHS dental charges in Wales, are being negotiated actively to allow the DOH to direct the DPB accordingly.

(v) We note the overall improvement in prompt performance but are concerned at the wide variations in the performance of individual NHS bodies. We stress the need for all NHS bodies to achieve the target level of performance in future years, particularly following restructuring. We also remind NHS bodies of the fact that the target relates to the number of bills paid rather than the value, in order to ensure that the small suppliers are not overlooked.

Response

The variable performance in 2002-03 was due, in part, to the implementation by nine NHS Trusts of a new financial system. This resulted in poor performance in some cases at the beginning of the year, but there has been a general trend of improvement during the year. Local Health Boards and NHS Trusts have been told that prompt payment performance is now a formal financial target for all organisations from 2003-04, being measured on the number of invoices paid. Individual organisations' performance against this target is now being monitored by the Welsh Assembly Government Health and Social Services Department Regional Offices. Organisations failing to achieve the target are required to provide action plans detailing how performance is to be improved.

On restructuring

(vi) We welcome the NHS Wales Department's response to the recommendations arising from the Auditor General's report, in particular the Departments' close scrutiny of the projected running and transitional costs of the new structure. We expect the Department to continue to track both the running costs of the new structure and the transitional costs of the restructuring and look forward to further updates as additional information becomes available.

Response

The NHS Wales Department continues to track both the running costs of the new structure and the transitional costs of the restructuring as part of the wider monitoring of expenditure within NHS Wales.

The Committee will be kept informed of both the running costs of the new structure and the actual costs of restructuring.

On early retirement

(vii) We welcome the guidance issued by the NHS Wales Department on early severance terms and on the drafting of new employment contracts. Whilst it is important to ensure that those

retiring on the grounds of ill-health are treated fairly and with dignity, it is also necessary to ensure that settlements reached are publicly defensible. We therefore recommend that the NHS Wales Department continue to monitor the cost of early retirements, particularly following the recent restructuring.

Response

The NHS Wales Department continues to work closely with the NHS in Wales to ensure that individuals qualifying for early retirement terms receive no more than their legal entitlement. The Department also continues to monitor closely the costs of early retirement, throughout the service.

On fraud

(viii) We welcome the continued progress being made by NHS organisations in Wales to heighten the awareness of fraud. We are particularly pleased to note the reduction in the level of patient pharmaceutical fraud estimated by the NHS Counter Fraud Service, and the steps being taken to identify the level of ophthalmic and dental patient and contractor fraud in Wales. We urge the NHS Wales Department to continue to work with the NHS Counter Fraud Service to ensure that there are adequate systems of control in operation, particularly at the point of delivery of service, to minimise the risk of fraud.

Response

Agreed. The NHS Wales Department will continue to work very closely with the NHS Counter Fraud Service and have been involved in a number of Fraud Awareness events. The Counter Fraud Operational Service (Wales) team and relevant Local Counter Fraud Specialists conducted 16 promotional events at major acute hospital sites which advised NHS staff and patients of their right to help and also to provide examples of fraud against the NHS and their role in preventing and reporting any future frauds.

The NHS Counter Fraud and Security Management Services is currently carrying out a Welsh Optical patient and contractor exercise. The results from this exercise will be published shortly. A dental patient and contractor exercise is to be undertaken for Wales next year.

On Agency Nursing

(ix) We remain concerned at the continued rise in the cost of agency nursing and the effects of over-reliance on temporary staff may have on the quality of patient care. There is a need to retain good quality staff within the NHS, and it is of particular concern that it is often the most experienced staff who leave the NHS to work as bank or Agency nurses. We urge the NHS Wales Department to examine the reasons for these departures and consider ways in which they might encourage staff to remain.

Response

The main reasons for NHS staff leaving have been identified as better rates of pay and more flexible working practices gained from working on an agency basis. There is also some movement between Trusts which creates vacancies, however it also facilitates career development as they move to other NHS employers.

To address these problems each Trust has developed Recruitment and Retention strategies which will be implemented in 2003/2004. To meet the challenges of 'work-life balance' some Trusts have developed annualised hours as a flexible approach to work rosters. In addition, other local initiatives include setting up crèches and introducing childcare voucher schemes. The Assembly will set targets for Trusts to reduce the usage of Agency nurses.

The Assembly has funded several Return To Practice initiatives, where education fees and lump sums are provided to nurses and midwives who had left the profession to return. Human Resources 'Good Practice' team visits have been conducted in most Trusts in Wales, and good practice will be disseminated to all Trusts re. Agency nursing. Where practical permanent recruitment from overseas has also been pursued.

On clinical negligence

(x) We are concerned to note the further significant increase in clinical negligence during 2001-02 which contributed to the overall deficit of NHS Wales for that year. We are pleased to note the steps being taken by the NHS Wales Department in response to the external review of the Welsh Risk Pool and recommend that they continue to monitor clinical negligence costs in the light of the findings of the review.

Response

Accepted. Ministers approved the final report and recommendations in April 2003. The recommendations of the review aimed at improving the monitoring and forecasting procedures operated by the Welsh Risk Pool. Improved accountability and oversight arrangements by its host trust have been introduced. Other proposals are in the process of being implemented including measures to limit the exposure of individual trusts from multiple claims arising from a common cause and the Pool to potentially major claims, for example property risks by the end of 2004.

In 2002-03, these revised arrangements have helped ensure that the Pool's expenditure is over £10 million less than in previous years.

Arising from the external review, the Minister has approved two alternative dispute resolution pilot projects in the field of clinical negligence. A working party has been established to draw up detailed proposals for both pilots and has met on seven occasions. It is hoped to introduce the pilots in 2004.