

2022-23

Health Board
Allocations

Health Board Allocation 2022-23

Introduction

1. This document details the Health Boards revenue allocations for 2022-23.
2. The allocation reflects the Minister for Health and Social Services' decisions about the distribution of resources to Health Boards.
3. This allocation is made under:
 - Section 174 of the National Health Service Act 2006 and the amounts payable to the Assembly in respect of depreciation charges under section 174(10). The powers are conferred directly on Welsh Ministers.
 - Section 70 of the Government of Wales Act 2006

Action

4. Health Boards are expected to develop robust plans to deliver against the priorities for 2022-23 set out in the NHS Planning Framework from within this allocation. This is an initial allocation and additional funding for key priorities will be allocated as appropriate when costs are confirmed. Funding for the following issues are being held centrally until the amounts required for 2022-23 are confirmed:
 - GMS and GDS contractor allocations are issued at this stage at 2021-22 recurrent levels.
 - Revenue funding for SIFT, Postgraduate Medical and Dental Education, Research and Development and PHLS will be issued as direct funding to the relevant health boards and NHS trusts. Depreciation funding for these funding streams is included in this allocation.
 - Allocations for accelerated depreciation, AME depreciation for donated assets and DEL and AME impairments will be issued as direct funding to the relevant health boards and NHS trusts. This also applies to any increases in depreciation related to approved schemes with confirmed strategic support.
 - Funding for the NHS Wales Shared Services Partnership will continue to be met from Welsh Government central budgets in 2022-23. Adjustments have been made in this allocation for agreed transfers (as set out in Table 3).
 - Funding will be held centrally within the Welsh Government NHS budget to recognise the impact of NICE mandated Advanced Therapeutic Medicinal Products.
 - Funding will continue to be held centrally to fund the costs of purchasing cystic fibrosis medicines Orkambi and Symkevi and to maintain access to Kalydeco.

- Funding for education and training investments in 2022-23 will continue to be provided directly to HEIW from the Welsh Government NHS budget.
- Funding for NHS pay awards in 2022-23 will be held centrally and allocated to employers once awards are made.
- Funding for ongoing national Covid responses, including mass vaccination, Test, Trace and Protect and the provision of PPE will be held centrally and allocated on actuals during 2022-23. Other Covid related costs will need to be met from the funding in this allocation.
- As in 2021-22, funding to cover the increased employers contribution for the NHS Pension Scheme will be held centrally.

GENERAL POLICY FRAMEWORK

Unified budgets

5. This document sets out the revenue allocation to health boards for 2022-23.
6. Health Boards are responsible for managing the totality of their budget, and making the best use of all available resources. The only restrictions to virements between different allocations relate to ring fenced HCCHS services (see Table B) the totality of the GMS contract and the elements of the Dental Contract (see Table C and F and the explanatory notes enclosed).
7. The 2022-23 allocation comprises:
 - Summary: Revenue
 - Hospital and community Health Service (HCCHS) and prescribing revenue discretionary allocation (tables A1, A2 and A3)
 - HCCHS protected and ring fenced Services (table B1)
 - HCCHS Directed Expenditure Allocations (table B2)
 - New General Medical Services Contract Allocation (table C)
 - Revenue Allocation for Community Pharmacy Contract (table E)
 - Revenue Allocation for Dental Contract (table F)
 - Memorandum Tables (tables 1 to 5)
 - Memorandum Table (DDRBB)
8. For Hospital and Community Health Services (HCCHS) and prescribing costs, Health Boards are responsible for commissioning services for their resident population for

HCHS, with the exception of some cross border flows, (referred to in paragraphs below) and on the basis of registered population for the prescribing element. The GMS Contract allocation is issued on the basis of registered populations, and the Community Pharmacy allocation is issued primarily on the basis of numbers of scripts dispensed within Health Board areas

Equality Impact Assessments

9. You are reminded of the requirement to ensure you undertake integrated impact assessments of all major spending decisions, including the implementation of efficiency programmes.
10. Health Boards are reminded to ensure compliance with the Welsh Government Code of Practice for Funding the Third Sector, and the requirements of the Well-being of Future Generations (Wales) Act.
11. You should ensure that any changes in service provision are impact assessed to ensure the Welsh language is fully considered and you should keep a record of the cost in delivering the service in Welsh.
12. Health boards are reminded that any funding decisions take account of the population needs assessments for care and support needs that were published in 2017, as part of the requirements of the Social Services and Wellbeing (Wales) Act 2014.

HOSPITAL AND COMMUNITY HEALTH SERVICES AND PRESCRIBING REVENUE (HCHSP)

Recurrent discretionary allocation (Table A)

13. This provides the total discretionary funding available to Health Boards to fund hospital and community healthcare services and primary care prescribing costs. The distribution of the allocation is derived from the 2021-22 baseline, adjusted (Tables A2 (baseline adjustments – see notes for detail) and A3 (additional recurrent funding)) for new funding issued and additional agreed top sliced funding.
14. Health Board discretionary allocations have been increased by £150 million for core pressures for 2022-23. This equates to approximately a 2.8% increase on the recurrent discretionary allocation, ring fenced (excluding mental health and depreciation) and Directed Expenditure. A further £20m has been allocated to the ring-fence mental health allocation as outlined below. £10m funding has been held centrally to provide an equivalent increase for directly funded organisations, providing an overall increase of £180m core NHS funding.
15. This core funding increase is to provide NHS organisations with recurrent financial stability as medium term plans are developed and implemented. Along with expected efficiencies, which as a minimum should be set at levels being achieved in the current financial year, this increase should address the impact of the pandemic on underlying financial positions and provide support for new non-pay cost growth. The funding will also need to cover the increased employers National Insurance Contributions effective from April 2022.

16. 2021-22 Pay allocations (A4C/DDRB) have been included as per the mapping return percentages. A summary memorandum table has been included for information.
17. The 2021-22 allocation letter actioned top slices to fund specific developments, with funding being transferred to ring fenced allocations. This arrangement continues in 2022-23 with further adjustments for the next year or full year effect for paramedic banding and 111 rollout.
18. Health boards should continue to take action to reduce unnecessary and inappropriate prescribing and reduce waste.
19. The Welsh Government will continue to hold a budget for the difference between the cost of prescribing and the cost of dispensing (excluding (WP10 (HP) funding, as this was included in the 2016-17 supplementary allocation).

HCHS Ring Fenced Services (Table B1)

20. The second component of the HCHS allocation is the funding allocated for ring fenced allocations. There is no flexibility about the use of this funding, although Health Boards are free to invest additional funding in these services to meet national priorities. Health Boards are reminded that ring fenced funding cannot be deferred into future financial years.
21. Additional funding has been top sliced from the discretionary allocation and added to ring fenced funding for paramedic banding.
22. The DEL depreciation budget remains ring fenced and is a non-cash allocation. In year allocation adjustments will be considered on a case by case basis on a non recurring basis.
23. In year funding of £53.680 million has been added to the existing ring fenced Integrated Care Fund to create a new Regional Integration Fund, totalling £131.657 million (£50.000 million Transformation Fund/ £2.000 million previously allocated Safe accommodation for children with complex high end emotional and behavioural need/ £0.280 million previously allocated Transformation programme Engagement funding and £1.400 million previously allocated CYP Emotional Health & Wellbeing funding). Operational guidance of the fund will be issued by policy officials in the new year.
24. Previously confirmed funding of £170 million for Planned and Unscheduled Care Sustainability for 2022-23 onwards has been included.
25. Value-based recovery funding of £15 million has been added to the tables, to support NHS recovery over the medium term, with a focus on delivery of high value interventions that ensure improved outcomes for patients and support service sustainability and reducing waits for treatment. The Value in Health Centre and Finance Delivery Unit will provide support to local health boards to deliver the expected benefits from this funding. The £15m funding included in this allocation will also be supplemented with £5m held centrally Government to support the development of value based healthcare amongst NHS Trusts, further implementation in Health Boards dependent on the maturity of value based healthcare plans, and the overall system requirements to support value across NHS Wales.

26. As advised in paragraph 14, the £150 million uplift includes an equivalent 2.8% uplift on the ring fenced allocations (Table B1) (excluding Mental Health and Depreciation amounts) and the Directed Expenditure Analysis (Table B2).

HCHS Directed Expenditure (Table B2)

27. Additional allocations have been added to the Directed Expenditure table, for agreed items, such as further 111 top sliced rollout funding, AWTTC funding to Cardiff & Vale, historically paid on an in year basis, Cancer and Lymphedema Network funding, previously allocated to the NHS Collaborative and Workforce changes for both Cardiff & Vale and Swansea Bay.

Healthcare Agreements between Health Boards and with NHS Trusts

28. Health Boards and the Welsh Health Specialised Services Committee are expected to pass on an appropriate levels of funding for relevant non-pay inflationary cost increases and growth funding in the Healthcare Agreements for services provided by other Boards and NHS Trusts, equivalent to the additional funding provided to commissioners. With the exception of centrally funded services and any agreed in-year funding, Welsh Government will not be allocating funding for underlying pressures and new cost growth directly to provider organisations, as this is an appropriate requirement for commissioning organisations to discharge.

29. The financial values of Agreements should be confirmed promptly to enable provider organisations to confirm their Integrated Medium Term Plans. As we transition from all Wales Block contracts to locally determined arrangements, the deadline set for signing off LTA/SLA documents will be extended to the last working day of June 22, with arbitration cases, from both parties, set at the first working day in July 22. This will be confirmed in greater detail, with further updates regarding the wider issues contained in WHC/2019/014, in January 22. Organisations are to report on the status of obtaining signed agreements via the Financial Monitoring Return process.

PRIMARY CARE REVENUE

GMS Contract (Table C)

30. Contract negotiations have not been finalised for 2022-23. The GMS allocation is issued at this stage on the same basis as the current 2021-22 allocation.

31. A supplementary allocation will be issued when the 2022-23 contract agreement is confirmed.

Community Pharmacy Contract (Table E)

32. The allocation for 2022-23 is issued with a £3 million increase (including funding to Cardiff & Vale to support the development of National Patient Group Directions for community pharmacies by the Welsh Medicines Information Centre).

33. Details of the total contractual funding and the distribution of funding between core services, enhanced services, quality and workforce elements will be clarified after the allocation is issued.

Dental Contract (Table F)

34. Contract negotiations have not been finalised for 2022-23 in time for this document. The allocation has therefore been issued based on the 2021-22 final allocation with adjustments being made for the following recurrent changes:

- DDRB pay and expenses increase from 2021-22
- Additional access funding for 2022-23 (as per written statement 17 November 2021).

35. The allocation will be re-issued for 2022-23 when contract negotiations have been concluded, and agreement is given for a contractual uplift.

36. Health Boards are reminded that in terms of the ring fenced Dental Contract budget arrangements will continue as follows for the next year:

- for Health Boards without two consecutively approved IMTPs, the ring fence will continue for 2022-23;
- for those Health Boards with two consecutively approved IMTPs, the ring-fence is removed provided they continue to have their IMTP approved; and
- to continue to ring-fence the Designed to Smile and Gwên am Byth oral health improvement programmes for all Health Boards in 2022-23.

37. We will continue to monitor and review the expenditure analysis provided by Health Boards and we will make adjustments to ring fenced dental contract allocations should explanation on expenditure be considered inadequate.

OTHER ISSUES

Capital

38. The NHS infrastructure investment comprises strategic schemes delivered through the All Wales Infrastructure Programme. The investment includes land and buildings, but also other significant physical assets including vehicles, medical and Information Management Technology equipment. The infrastructure investment covers all healthcare settings including acute, primary and community care.

39. Significant pressures are anticipated against the capital programme for 2022-23 which will likely require difficult decisions to be made. Officials will continue to work with organisations in respect of funding for individual schemes in 2022-23. The largest scheme on site during 2022-23 will be the continuing redevelopment and modernisation works at Prince Charles Hospital.

40. In addition to the above, capital funding has also been approved for the continued delivery of the Primary and Community Care Pipeline across Wales as well as the continuing support for IM&T and diagnostic Programmes. All approved funding amounts are agreed with individual organisations based on scheme delivery profiles.

Mental Health

41. Mental health services will continue to be ring fenced in 2022-23. Compliance of individual organisations with the ring fencing requirement will be monitored on an annual basis. Any organisation whose expenditure on mental health services falls below the ring fenced quantum will be required to account for the shortfall in expenditure. Table 2 details the total amount of the mental health ring fence, shown by relevant allocation stream. This funding forms a floor, below which expenditure on core mental health services must not fall. This does not exclude mental health services from making efficiencies, but these savings must be re-invested in these services to meet cost increases and new developments.
42. £20 million has been added to the ring fenced mental health allocation in the LHB revenue allocation for cost growth uplift, which provides health boards with additional funding. This funding will contribute to funding unavoidable cost growth in mental health services.
43. Funding of £14.103 million has been transferred from central budgets for Call Helpline (£0.343 million), Veterans funding (£0.235 million), Mental Health Service Improvement fund (£5.925 million), Crisis Care funding (£4.000 million) and Specialist CAMHS (£3.600 million).
44. This increases the total mental health ring fenced allocation to £760.885 million in 2022-23. The detail is shown in Table 2 of the allocation, and the corresponding explanatory notes.

Infrastructure SIFT

45. Funding for infrastructure SIFT has been included as a Directed Expenditure Allocation. This funding must be used to support medical undergraduate education, and recipients of this funding will still be required to account for its use as part of the annual SIFT accountability agreements.

Substance Misuse

46. The substance misuse allocation remains ring fenced in 2022-23 and the table shows an agreed increase of £1 million. Funding will be withheld from Health Boards (HB) until confirmation is received from the Chair of the relevant Area Planning Board (APB) that the use of these resources complements the delivery of the Welsh Government Substance Misuse Delivery Plan 2019-22, this should happen no later than 30th June 2022. Welsh Government expects to see evidence of clear joint planning across the HB ring fence and the Substance Misuse Action Fund monies, with HBs taking due regard for their statutory duties and ensuring they contribute to areas of relevant pressures, including prescribing costs and meeting waiting list targets. Further detail is included in the explanatory notes accompanying the allocation.

Public Health (PHW), Health Education and Improvement Wales Special Health Authority (HEIW) and Digital Health and Care Wales (DHCW)

47. Core funding for the above bodies for 2022-23 are not being issued with this allocation. Separate funding letters will be issued from the policy leads.

Cross Border Financial Flows

48. To reflect cross border commissioning responsibility, Health Boards in Wales have been funded for English residents registered with their GPs and vice versa, in line with the Protocol agreed with the Department of Health.

49. The impact of the 2022-23 tariff on LHB plans will be considered once the tariff is published by NHS England.

Queries

50. If you have any queries about this Circular please contact Julie Broughton (0300 025 5747).

51. Further information surrounding specific policy issues and contact details are provided in the explanatory notes.