



Ein cyf/Our ref MA/EM/3653/22

Health Boards Chairs

22 December 2022

Dear Chair,

This letter informs you of the issue of the 2023-24 allocation for health boards.

This allocation letter sets out the funding for your organisation for 2023-24. It should be used to develop plans to deliver against the priorities for 2023-24 set out in the NHS Planning Framework, and to continue to progress delivery of the vision set out in A Healthier Wales.

To drive some of these priorities I would like to set out some specific areas of activity:

I will be holding back some of the overall NHS budget centrally to encourage the maximum amount of cooperation with local authorities, including for example co-recruitment, streamlining, simplifying and consistency and implementation of the trusted assessor framework to speed up resolving delays in pathways of care. This funding will be allocated once I am assured that progress is being made to enhance community-based services to support closer partnership with social care.

In relation to planned care, £120m has been allocated to support ongoing recovery plans. I am holding back £50m to pump prime the delivery of regional solutions such as diagnostics and surgical centres and in order to drive improvements in productivity and change against a number of key indicators – e.g. treat in turn, GIRFT, extended sessions, lists etc

In order to ensure that we keep our focus on prevention, and to optimise clinical outcomes we will develop proposals for people who are referred onto new pathways of care to be referred to sources of guidance and support necessary to maximise their chances of successful outcomes, including on healthy behaviours and issues specific to their condition.

I expect you to ensure your organisation operates within the funding set out in this allocation letter, and any further notification of funding as referred to above. I will be holding you to account for the development and delivery of an agreed plan for 2023-24 and beyond that to reflect your statutory requirements and responsibilities.

I will be kept apprised of progress on the above by my officials and through our regular meetings.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'M. E. Morgan'.

Eluned Morgan AS/MS

Y Gweinidog Iechyd a Gwasanaethau Cymdeithasol
Minister for Health and Social Services

Cyfarwyddwr Cyffredinol Iechyd a Gwasanaethau Cymdeithasol/
Prif Weithredwr GIG Cymru
Grŵp Iechyd a Gwasanaethau Cymdeithasol

Director General Health and Social Services/
NHS Wales Chief Executive
Health and Social Services Group



Llywodraeth Cymru
Welsh Government

Chief Executives – NHS Local Health Boards
Chief Executives – NHS Trusts

Our Ref: JP/JB/SB

22 December 2022

Dear Colleague

HEALTH BOARD 2023-24 ALLOCATIONS

Please find attached the Minister's letter to NHS Chairs formally issuing the 2023-24 Allocations.

This allocation specifies the initial funding for your organisation for 2023-24. It should be used to develop plans to deliver against the priorities for 2023-24 set out in the NHS Planning Framework, and to continue to progress delivery of the vision set out in A Healthier Wales.

I expect you to ensure that your organisation operates within the funding set out in this allocation letter, and any further notification of funding as referred to above. I will be holding you to account for the development and delivery of an agreed plan for 2023-24 and beyond that to reflect your statutory requirements and responsibilities.

Yours sincerely

Judith Paget CBE

WELSH HEALTH CIRCULAR



Llywodraeth Cymru
Welsh Government

Issue Date: 22 December 2022

STATUS: COMPLIANCE

CATEGORY: FINANCE

Title: 2023-24 Health Board revenue allocation

Date of Expiry / Review: Not applicable

For Action by:

Chief Executives

Directors of Finance

Action required by: Immediate

Sender: Julie Broughton

HSSG Welsh Government Contact(s):

(Julie Broughton, Finance Directorate, 03000 025747)

Enclosure(s): Allocation letter, revenue tables and explanatory notes

2023-24

Health Board
Allocations

Health Board Allocation 2023-24

Introduction

1. This document details the Health Boards revenue allocations for 2023-24.
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 2023-24 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 2023-24 are confirmed:
 - GMS, Pharmacy and GDS contractor allocations are issued at this stage at 2022-23 recurrent levels.
 - Revenue funding for SIFT and Research and Development 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 2023-24. 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 2023-24 will continue to be provided directly to HEIW from the Welsh Government NHS budget.
- Funding for NHS pay awards in 2023-24 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 2023-24. Unless informed otherwise, other Covid related costs will need to be met from the funding in this allocation.
- As in 2022-23, 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 2023-24.
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 2023-24 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 6)
 - Memorandum Table (Pay)
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 2022-23 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 £90 million for core cost and demand pressures for 2023-24. This equates to approximately a 1.5% increase on the recurrent discretionary allocation, ring fenced (excluding mental health and depreciation) and Directed Expenditure.
15. This core funding increase is to support NHS organisations as plans for 2023-24 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 will provide support for new non-pay cost growth.
16. 2022-23 Pay allocations for A4C / DDRB / VSM, Holiday Pay on Overtime and 2021-22 Real Living Wage Bands 1 & 2 have been included as per the mapping return percentages. A summary memorandum table has been included for information and a detailed reconciliation of the pay mapping matrix will be circulated.

17. The 2022-23 allocation letter actioned top slices to fund specific developments, with funding being transferred to specific allocations. This arrangement continues in 2023-24 with a final adjustment actioned for the full year effect of the 111 rollout.
18. Previously held ring fenced funding for paramedic banding, clinical desk enhancements, treatment fund and renal services have been moved to discretionary funding.
19. Funding has been removed for NHS Executive related NHS Collaborative and Maternity Network. This has transferred into a centrally issued NHS Executive budget for 2023-24.
20. Health boards should continue to take action to reduce unnecessary and inappropriate prescribing and reduce waste.
21. 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)

22. 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.
23. Previously held ring fenced funding for paramedic banding, clinical desk enhancements, treatment fund and renal services have been moved to discretionary funding in 2023-24.
24. The DEL depreciation budget remains ring fenced and is a non-cash allocation. In year allocation adjustments will be considered as part of the regular non-cash submission process.
25. A further £1 million for Carers Funding, previously allocated on an in-year basis has been added to the Regional Integration Fund (RIF) for 2023-24.
26. A reduction of £50 million has been made to the Planned and Unscheduled Care Sustainability funding (previously £170 million) for 2023-24 onwards. The balance will be held centrally in Welsh Government and will be used:
 - To further understand and push the aims of the planned care fund by seeking much greater clarity on the use of £120 million that remains allocated in terms of its delivery of additional activity above the 19-20 baseline
 - To fund and deliver on regional solutions such as diagnostics and surgical centres to pump prime delivery.
 - To develop an incentive to drive transformation and change against a number of key indicators – e.g. treat in turn, GIRFT, extended sessions, lists etc.

27. A reduction of £1 million has been applied to the £15 million Value-Based Recovery funding. The Value in Health Centre and Finance Delivery Unit will continue to provide support to LHBS to deliver the expected benefits from this funding. The funding included in this allocation will also be supplemented with £5m held centrally within Welsh Government to support the development of Value Based Healthcare.
28. Post Anaesthetic Critical Care Unit (PACU) and Critical Care funding previously allocated in year has been added to the critical care element of the ring fenced tables.
29. Additional Genomics ring fenced funding of £4.545 million has been included for 2023-24.
30. As advised in paragraph 14, the £90 million uplift includes an equivalent 1.5% 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)

31. Additional allocations have been made to the Directed Expenditure table, for agreed items, such as 111 adjustment, Genomics funding for Cardiff & Vale, Professional Lead posts plus Urgent & Emergency Care funding for Aneurin Bevan, plus National Lymphedema Network funding for Swansea Bay (previously allocated to the NHS Collaborative). Funding for the Community Health Council in Powys HB has been removed for the transfer to the newly established Citizens Voice Body in 2023-24.

Healthcare Agreements between Health Boards and with NHS Trusts

32. 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.
33. The financial values of Agreements should be confirmed promptly to enable provider organisations to confirm their Integrated Medium-Term Plans. The deadline set for signing off LTA/SLA documents will be extended again to the last working day of June 23, with arbitration cases, from both parties, set at the first working day in July 23. This will be confirmed in greater detail, with further updates regarding the wider issues contained in WHC/2019/014, in February 23. Organisations are to report on the status of obtaining signed agreements via the Financial Monitoring Return process.

PRIMARY CARE REVENUE

GMS Contract (Table C)

34. Contract negotiations have not been finalised for 2023-24. The GMS allocation is issued at this stage on the same basis as the recurrent 2022-23 allocation.

35. A supplementary allocation will be issued when the 2023-24 contract agreement is confirmed.

Community Pharmacy Contract (Table E)

36. Contract negotiations have not been finalised for 2023-24. The Pharmacy allocation is issued at this stage on the same basis as the recurrent 2022-23 allocation.

37. A supplementary allocation will be issued when the 2023-24 contract agreement is confirmed. 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 supplementary allocation is issued.

Dental Contract (Table F)

38. Contract negotiations have not been finalised for 2023-24. The Dental allocation is issued at this stage on the same basis as the recurrent 2022-23 allocation.

39. The allocation will be re-issued for 2023-24 when contract negotiations have been concluded, and agreement is given for a contractual uplift.

40. 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 2023-24;
- 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 2023-24.

41. 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

42. NHS infrastructure investment comprises strategic schemes delivered through the NHS All Wales Capital Programme. Investments include land and buildings as well as other physical assets including vehicles, medical and digital technology equipment. The investments cover all healthcare settings including acute, primary, community and social care.

43. Significant pressures are anticipated against the capital programme for 2023-24 which will likely require difficult decisions to be made. Officials will continue to work with organisations in respect of funding priority schemes in 2023-24.

44. As part of the above, capital funding is also being made available specifically to target investments as part of the Integration and Rebalancing Capital Fund with Regional Partnership Boards identified as lead co-ordinating bodies. In addition, ring-fenced funding has also been identified for the continuing delivery of digital investment programmes. All approved funding amounts are agreed with individual organisations based on scheme delivery profiles.

Mental Health

45. Mental health services will continue to be ring fenced in 2023-24. 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.

46. £10.4 million has been added to the ring-fenced mental health allocation in the LHB revenue allocation for cost growth uplift (equivalent to 1.5%), which provides health boards with additional funding. This funding will contribute to funding unavoidable cost growth in mental health services.

47. Funding of £2.583 million has been transferred from central budgets for Veterans funding £0.108 million, Mental Health Service Improvement fund £1.075 million, and All-age MH Tier 0/1 funding (commenced in 2021-22) £1.400 million, with a reduction of £0.229 million for Mental Health Network NHS Collaborative funding transferring into the newly established NHS Executive.

48. This increases the total mental health ring fenced allocation to £773.639 million in 2023-24. The detail is shown in Table 2 of the allocation, and the corresponding explanatory notes.

Infrastructure SIFT

49. 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

50. The substance misuse allocation remains ring fenced in 2023-24 and the table shows an agreed increase of £0.328 million (equivalent to 1.5%). 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 (and any subsequent Plan), this should happen no later than 30th June 2023. 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)

51. Core funding for the above bodies for 2023-24 are not being issued with this allocation. Separate funding letters will be issued from the policy leads.

Cross Border Financial Flows

52. 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.
53. The impact of the 2023-24 uplift, above the core uplift provided in this paper, on LHB plans will be considered once the tariff is published by NHS England.

Queries

54. If you have any queries about this circular please contact Julie Broughton (0300 025 5747).
55. Further information surrounding specific policy issues and contact details are provided in the explanatory notes.

Health Board Allocation Tables

Please see separately Annex 1 - Health board allocations spreadsheet.

HEALTH BOARDS REVENUE ALLOCATIONS 2023-24 – EXPLANATORY NOTES

Table A1: HCHSP: Discretionary Allocation

Column 1 – 2022-23 Recurrent Allocation

This column is carried forward from the 2022-23 Health Board Revenue Allocation.

Column 2 – Baseline Adjustments (Table A2)

These are adjustments to the discretionary HCHSP allocation, sub-totalled at Column 17, Table A2.

Column 3 – Additional Recurrent funding (Table A3)

This is the additional recurrent funding to the discretionary HCHSP allocation, sub-totalled at Column 3, Table A3.

Column 4 – 2023-24 Recurrent HCHS and Prescribing Discretionary Allocation (sum of Columns 1, 2 & 3)

This is the sum of Columns 1 to 3 and is the recurrent discretionary HCHSP allocation for 2023-24. It is carried forward to column 1 of the Summary table.

Table A1: Contact: Julie Broughton, Finance Directorate, 0300 025 5747

Table A2: Baseline Adjustments (Column 2, Table A1)

Column 1 – In year adjustment: DHCW Hosting SLA loss of income

This is the recurrent adjustment of the in year allocation adjustments actioned in 2022-23.

Column 2 – In year adjustment: Flu Vaccination funding

This is the recurrent adjustment of the in year allocation adjustment actioned in 2022-23.

Column 3 – In year adjustment: Ophthalmic lead adjustment

This is the recurrent adjustment of the in year allocation adjustment actioned in 2022-23.

Column 4 – 2022-23 Cost Uplift Factor (CUF) England

The adjustment is an additional 1.3% linked to 22-23 pay award (adjusted by -0.5% for ENIC).

Column 5 – In year adjustment: Non dispensing doctor practices adjustment

Funding adjustment issued in year has been allocated on a recurrent basis.

Column 6 - NHS Wales Shared Services adjustments (Table 3)

Agreed transfers between health boards and NHS Wales Shared Services.

Column 7 – In year: organisation specific adjustment

Funding adjustment issued in year has been allocated on a recurrent basis.

Column 8 – Paramedic banding

This funding has been transferred from the ring fenced Table B1, on the same basis as 2022-23.

Column 9 – Clinical Desk enhancements

This funding has been transferred from the ring fenced Table B1, on the same basis as 2022-23.

Column 10 – Treatment Fund

This funding has been transferred from the ring fenced Table B1, on the same basis as 2022-23, with an adjustment between the HBs to give C&V funding for the licence costs for the NTF drug monitoring.

Column 11 – Renal Services

This funding has been transferred from the ring fenced Table B1, on the same basis as 2022-23.

Column 12 - Additional top slice: 111 service (to table B2)

This relates to the agreed adjustment of funding for 111 rollout (recurrent costs) from discretionary funding to directed expenditure (see Table B2).

Column 13 – Adjustment SPCC: for Programme Management Office costs (table 5)

A cost neutral adjustment (as per letter from Alex Slade 8 November 2022)

Column 14 – In year: Obesity Pathway funding

Funding adjustment issued in year has been allocated on a recurrent basis.

Column 15 – In year: Innovation Funding (SBRI and RIIC Hubs)

Funding adjustment issued in year has been allocated on a recurrent basis.

Column 16 – NHS Executive baseline adjustment

Agreed transfers of NHS Collaborative funding to the newly established NHS Executive. Please see Table 6 for detail.

Column 17 – Total Adjustments (Carried forward to Table A1, Column 2)

This is the total of columns 1 to 16, and is carried forward to Column 2 in Table A1.

Table A2: Contact: Julie Broughton, Finance Directorate, 0300 025 5747

Table A3: Additional recurrent funding (Column 3, Table A1)**Column 1 – Pay Uplift**

This funding is issued to support the recurrent 2022-23 A4C/ DDRB costs, Holiday Pay on Overtime and 2021-22 Real Living Wage costs (Bands 1 and 2) in line with agreed mapping distribution. The final mapping will be issued separately.

Column 2 – Core uplift for 2023-24

£90 million is being allocated to meet core cost and demand pressures for 2023-24. This equates to approximately a 1.5% increase on the recurrent discretionary allocation, ring fenced (excluding mental health and depreciation) and Directed Expenditure. The HCHS funding is distributed using the updated 23-24 needs-based allocation formula.

Column 3 – Total Additional Recurrent funding (Carried forward to Table A1, Column 3)

This is the total of columns 1 and 2, and is carried forward to Column 3 in Table A1.

Table B1: HCHS Protected and Ring fenced Revenue Allocations for 2023-24

This table details the amounts of the HCHS Allocation which remain ring fenced. This funding must be used for the purposes intended.

Based on policy advice to remove the ring fenced status, the following elements have transferred to HCHSP discretionary funding from HCHSP ring fenced in 2023-24,:

- Paramedics pay banding funding;
- Clinical Desk Enhancement funding;
- Treatment fund (with an adjustment between the HBs to give C&V funding for the licence costs for NTF drug monitoring);
- Renal Services funding

Column 1 – Learning Disabilities

This funding remains ring fenced in 2023-24 on the same basis as 2022-23.

Column 2 – Depreciation (Table 4 Column 1)

The depreciation budget remains ring fenced. For clarity, the depreciation ring fence includes the allocation made here as well as for any non-recurrent funding that is issued in-year to cover accelerated depreciation, DEL impairments and further support for strategic schemes and baseline pressures.

Contact: Andrea Hughes, Finance Directorate, 0300 062 5558

Column 3 – Mental Health Services (Table 2)

This funding remains ring-fenced in 2023-24 on the same basis as 2022-23, plus agreed additional funding.

Details are included in Table 2.

Contact: Julie Broughton, Finance Directorate, 0300 025 5747

Column 4 – Palliative Care

This funding remains ring fenced in 2023-24 on the same basis as 2022-23.

Column 5 – Genomics for Precision Medicine Strategy (inc new Genetic Tests)

This funding remains ring fenced in 2023-24 on the same basis as 2022-23, plus agreed additional baseline funding. The funding is allocated based on WHSSC shares provided. Health Boards will direct this allocation through WHSSC in support of the strategy for 2023-24.

Column 6 - Critical care funding (including WHSSC funding)

This funding remains ring fenced in 2023-24 on the same basis as 2022-23, plus agreed in year funding for critical care and PACU.

Column 7 – Critical care funding (EASC funding)

This funding remains ring fenced in 2023-24 on the same basis as 2022-23.

Column 8 - Organisation specific adjustment (non recurrent 3 year arrangement)

Agreed time limited ring fenced funding for Betsi Cadwaladr (23-24 is the final year of agreed funding).

Column 9 – Funding for Planned and Unscheduled Care Sustainability for 2023-24 onwards

This funding has been reduced by £50 million, held centrally in Welsh Government. Further detail will follow on this.

Column 10 – Funding Value-based recovery

A reduction of £1 million has been made to the value based recovery funding for 2023-24.

Column 11 – Regional Integration Fund

A further £1 million for Carers funding (previously issued in year) has been added to the £131.657 million RIF funding. Breakdown of allocation:

- £50 million Transformation fund;
- £77.977 million previous ICF funding
- £2 million previously allocated Safe accommodation for children with complex high end emotional and behavioural needs;
- £0.280 million previously allocated Transformation programme Engagement funding; and
- £1.4 million previously allocated CYP Emotional Health & Wellbeing funding.
- £1 million Carers Funding.

Column 12 - Total 2023-24 HCHS Ring Fenced Allocation

This is the summary of columns 1-11. This amount is taken forward to Column 2, Summary Table.

Table B2 – HCHS Directed Expenditure Analysis

This table details Directed Expenditure Allocations to specific health boards. These amounts are allocated for specific purposes which the health board provides on an agency basis. The amounts form part of the Health Boards resource limit, but are not part of their population-based funding total.

Contact: Julie Broughton, Finance Directorate, 0300 025 5747

Columns 1 to 35 - Various

These remain as Directed Expenditure Allocations in 2023-24 on the same basis as 2022-23.

The exception to this is that Powys CHC funding has been removed (£4.104 million) and transferred to the newly established Citizen Voice Body.

Column 20 – 111 Rollout

An adjustment of £0.193 million (reduction) has been applied to Aneurin Bevan's directed allocation for 111 recurrent rollout costs.

Column 23 – Genomics core

This funding remains on the same basis as 2022-23, plus agreed additional baseline funding.

Column 36 – National Allied Health Professional Lead

Funding adjustment issued in year has been allocated on a recurrent basis.

Column 37 – National Nursing Lead for Primary and Community Care

Funding adjustment issued in year has been allocated on a recurrent basis.

Column 38 – National Lymphedema Network funding

Funding has been removed from NHS Collaborative baseline to allocated to Swansea Bay HB.

Column 39 – Innovation & Delivery Fund/Programme Management

Funding adjustment issued in year has been allocated on a recurrent basis.

Column 40 - Total 2023-24 HCHS Directed Expenditure Allocation

This is the summary of columns 1-39. The amount is taken forward to Column 3, Summary Table.

Contact for Table B2: Julie Broughton, Finance Directorate, 0300 025 5747

TABLE C: Revenue Allocation for GMS Contract (Ring fenced allocation)

The ring-fenced GMS contract allocation for 2023-24 has been allocated on the basis of the current 2022-23 allocation. The GMS contract funding envelope remains ring fenced, although Local Health Boards may invest discretionary funding in GMS Services.

There is no enhanced services cost floor. From a GMS contract perspective the concept of a floor for enhanced services investment and TSC monitoring ended in 2008. The allocations issued by Welsh Government to health boards for enhanced services are ring fenced within the GMS ring fenced envelope. Health boards are expected to provide enhanced services in line with the directions issued by Welsh Government.

A supplementary allocation will be issued when the 2023-24 contract agreement is confirmed.

Column 1 – Provisional allocation 2022-23

This column has been carried forward from the 2022-23 allocation letter.

Column 2 – In year allocation (Pay & Expenses 21-22 agreement)

This column shows the full year effect of funding agreed.

Column 3 – In year allocation adjustment

Agreed in year adjustment.

Column 4 – In year allocation (Pay & Expenses 22-23 agreement)

This column shows the full year effect of funding agreed.

Column 5 – Completed Estates scheme

Recurrent rent and rates for completed estates scheme.

Column 6 – Provisional allocation 2023-24

Provisional GMS allocation for 2023-24 (sum of columns 1-5). The amount is carried forward to Column 5, Summary Table.

**Contacts for Table C: Julie Broughton, Finance Directorate, 0300 025 5747/
Catherine Malcolmson, GMS Policy, 0300 025 1063**

TABLE E: Revenue Allocation for Community Pharmacy Contract

The Dental contract allocation for 2023-24 has been allocated on the basis of the final 2022-23 allocation (recurrent elements), with adjustments for recurrent changes for 2023-24.

A supplementary allocation may be issued when there is more clarity on the 2023-24 agreement.

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 final allocation issued.

Column 1 – Final allocation for 2022-23

This column has been carried forward from the 2022-23 allocation letter.

Column 2 – In year allocation adjustment

Agreed in year adjustment.

Column 3 – 2022-23 agreed contract funding

Additional recurrent funding issued in 2022-23.

Column 4 – Allocation for 2023-24

This is the total of columns 1 to 3. The amount is carried forward to Column 6, Summary Table.

Contact for Table E: Julie Broughton, Finance Directorate, 0300 025 5747

Natalie Proctor, Pharmacy policy branch 0300 061 5919

Andrew Evans, Chief Pharmaceutical Officer, 0300 025 9260

TABLE F: Revenue Allocation for Dental Contract

The Dental contract allocation for 2023-24 has been allocated on the basis of the final 2022-23 allocation (recurrent elements), with adjustments for recurrent changes for 2023-24.

A supplementary allocation may be issued when there is more clarity on the 2023-24 Dental pay and expenses agreement and detailed calculations available.

Column 1 –Provisional allocation 2022-23

This column has been carried forward from the 2022-23 allocation as set out in Table F.

Column 2 – In year allocation (DDRB)

This column shows the full year effect of funding agreed in 2022-23

Column 3 – Provisional allocation for 2023-24

This is the total of columns 1 and 2 and is carried forward to Summary table (column 7).

Contact for Table F: Julie Broughton, Finance Directorate, 0300 025 5747/ Andrew Pryse, Dental, 0300 062 8220

MEMORANDUM TABLES

Table 1 – Substance Misuse Funding

The substance misuse allocation remains ring fenced in 2023-24 and the table shows an agreed increase of £0.328 million. £22.102 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 (and any subsequent Plan), this should happen no later than 30th June 2023. 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. Given the uplift in both HB ring fence and APB SMAF revenue your joint planning should focus on the reduction of waiting times and further enhancement of trauma informed services and support. HBs and APBs are reminded that the planning of both the HB ring fence and the APB SMAF revenue grant should be conducted in partnership and that the Welsh Government will expect this to happen in a timely manner. HBs and APBs should develop detailed spending plans with agreed performance and outcomes for all services before submitting this for approval by Welsh Government, these plans should have meaningful budget breakdowns and agreement for effective and transparent monitoring. Where HB request SMAF from the APB the rationale for this requirement over and above the ring fence allocation should be clearly outlined in the submission to the Welsh Government. For further information please refer to the APB SMAF revenue guidance.

Table 2 – Total Mental Health Ring-Fence

This table sets out the ring-fenced funding for mental health for 2023-24, which is at the 2022-23 levels, plus additional agreed funding transfers.

- Veterans funding (£0.108 million);
- Mental Health Service Improvement fund (£1.075 million);
- All age MH Tier 0/1 funding (commenced in 21-22) (£1.400 million);
- Reduction of (£0.229 million) for mental Health Network Collaborative baseline funding transfer to NHS Executive;
- £10.4 million increase for core cost and demand pressures for 2023-24.

Health Boards are reminded that 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.

Contact : Adult Mental Health – Sally Thompson – Ext: 029 2037 0397

Table 3 – Shared Services Funding

This table sets out the 2023-24 funding baseline for the hosted Shared Services organisation. The amounts shown against Health Boards have been top sliced from discretionary HCHSP allocations and will be held as a central budget within HSS and paid directly to the NWSSP.

Contact: Julie Broughton, Finance Directorate, 0300 025 5747

Table 4 – Depreciation funding

This table sets out the Depreciation funding for 2023-24.

Contact: Andrea Hughes, Finance Directorate, 0300 062 5558

Table 5 – Recurrent Primary Care Development Funding

This table reflects the recurrent primary care funding already included within the HCHSP discretionary baseline allocation , including a cost neutral adjustment to SPCC element: for Programme Management Office costs (as per letter from Alex Slade 8 November 2022).

Table 6 – NHS Executive allocation table

This table reflects the agreed funding for the newly established NHS Executive budget, including agreed HB top slice funding and centrally held Welsh Government funding.