

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

Prif Weithredwr – Byrddau Iechyd Lleol y GIG
Prif Weithredwr – Awdurdodau Iechyd Strategol y GIG
Prif Weithredwr – Ymddiriedolaethau GIG

Ein Cyfeiriad: JP/JB/SB

21 Rhagfyr 2023

Annwyl Gyfaill

DYRANIADAU BYRDDAU IECHYD 2024-25

Amgaeaf llythyr y Gweinidog i Gadeiryddion y GIG yn cyhoeddi'r dyraniadau cyllid ffurfiol ar gyfer 2024-25.

Mae'r dyraniad hwn yn pennu'r cyllid cychwynol ar gyfer eich sefydliad ar gyfer 2024-25. Dylid ei ddefnyddio i ddatblygu cynlluniau i gyflawni yn erbyn y blaenoriaethau ar gyfer 2024-25 a nodir yn Fframwaith Cynllunio'r GIG, ac i barhau i symud ymlaen i gyflawni'r weledigaeth a nodir yn Cymru Iachach.

Byddwch yn ymwybodol bod y dyraniadau hyn yn adlewyrchu canlyniad blwyddyn ariannol heriol iawn yn 2023-24 ac arweiniodd at ddyraniadau canol blwyddyn a chyhoeddi cyfansymiau rheoli targed. Maent hefyd yn adlewyrchu canlyniad proses gyllid heriol i Lywodraeth Cymru ar gyfer 2024-25, o ystyried y rhagolygon ariannol ehangach ar gyfer cyllid cyhoeddus a gostyngiad yng nghyllideb Llywodraeth Cymru mewn termau real. Mae cyllideb gyffredinol Llywodraeth Cymru ar gyfer 2024-25 wedi blaenoriaethu'r pwysau sy'n wynebu'r GIG, sy'n cael ei adlewyrchi yn y dyraniadau sydd ynghlwm. Mae'n hollbwysig bod sefydliadau'r GIG yn sicrhau cynaliadwyedd ariannol ac yn gweithredu o fewn y dyraniadau y cytunwyd arnynt.

Rwy'n disgwyl i chi sicrhau bod eich sefydliad yn gweithredu o fewn y cyllid a nodir yn y llythyr dyrannu hwn, ac unrhyw hysbysiad pellach o arian fel y nodir yn llythyr y Gweinidog. Byddwch chi'n atebol am ddatblygu a darparu cynllun a gytunwyd arno ar gyfer 2024-25 a thu hwnt i hynny i adlewyrchu eich gofynion a'ch cyfrifoldebau statudol.

Yr eiddoch yn gywir

Judith Paget CBE

2024-25

Health Board
Allocations

Health Board Allocation 2024-25

Introduction

1. This document details the Health Boards revenue allocations for 2024-25.
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 2024-25 set out in the NHS Planning Framework from within this allocation. This is an initial allocation and any additional funding for key priorities will be allocated as appropriate on an in-year basis. Funding for the following issues are being held centrally until the amounts required for 2024-25 are confirmed:
 - GMS, Pharmacy and GDS contractor allocations, which are issued at this stage at 2023-24 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, relevant IFRS 16, 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 2024-25. Adjustments have been made to this allocation for agreed transfers (as set out in Table 3).
 - Funding will be held centrally to recognise the impact of NICE mandated Advanced Therapeutic Medicinal Products (ATMPs).
 - 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 in 2024-25 will continue to be provided directly to Health Education and Improvement Wales (HEIW).

- Funding for NHS pay awards in 2024-25 will be held centrally and allocated to employers once awards are made. NHS Wales Pay Award funding for 2023-24 will be allocated in-year once the annual pay mapping exercise has been completed as outlined below.
- Genomics spend will be monitored centrally and any additional impact for 2024-25, over and above 2023-24 baseline allocations will be dealt with as an in-year matter.
- Funding for the Real Living Wage (the impact of the policy on Social Care) will be dealt with as a non-recurrent allocation, addressed in year.
- As in 2023-24, funding to cover the increased employer's 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 2024-25.
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 HCHS services (see Table B), the totality of the GMS contract and elements of the Dental Contract (see Table C and F and the explanatory notes enclosed).
7. The 2024-25 allocation comprises:
 - Summary: Revenue
 - Hospital and Community Health Service (HCHS) and Prescribing Revenue Discretionary Allocation (Tables A1, A2 and A3)
 - HCHS Protected and Ring-fenced Services (Table B1)
 - HCHS 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)
8. For Hospital and Community Health Services (HCHS) 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 A1, A2 & A3)

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 2023-24 baseline, adjusted in Tables A2 (baseline adjustments) and A3 (additional recurrent funding).
14. The £336.1 million conditionally recurrent funding from 2023-24 (as per the letter from Judith Paget 20 October 2023) has been built in for 2024-25. However, as stated in that letter you are reminded, **that these allocations are recurrent in principle, but conditional on progress health boards make in delivering the target control totals set out by organisations**. These allocations will only be recurrent on the delivery of the required progress being made.
15. Energy funding of £52.3 million has been separately recognised and baselined on a recurrent basis. This is based on Health Boards Month 08 forecast monitoring information against baseline positions. This will be baselined for all NHS Organisations and this amount includes £0.563 million in respect of Velindre Trust and £0.454 million for Welsh Ambulance Trust.
16. Health Board discretionary allocations have been increased by £245.8 million for core cost inflation and unavoidable demand pressures for 2024-25. This equates to a 3.67% increase on the recurrent discretionary allocation, ring fenced (excluding mental health and depreciation) and directed expenditure.

17. This core funding increase is to support NHS organisations with the unavoidable inflationary and demand pressures that are forecast for 2024/25. It is recognised that there is no discretionary investment reflected within this uplift and organisations will need to make significant savings in order to deliver and implement financially sustainable plans for 2024-25. Along with expected efficiencies, which as a minimum expectation should be set at levels of at least 2% of total baseline expenditure, and consistent with what has been achieved in the current financial year, this increase will provide support for new non-pay inflationary growth in particular for areas such as medicines.
18. Funding for ongoing national Covid responses, such as Health Protection (including vaccination), Test, Trace and Protect, provision of PPE has been baselined as a recurrent discretionary allocation. Baselining national Covid response funding will be implemented consistently for all NHS organisations. This allocation is based on Health Board expenditure forecasts as at Month 08 at 80% of 2023/24 expenditure levels. In addition, funding for Adferiad / Long Covid has been baselined into C19 allocations as per the letter from Professor Chris Jones 1 February 2023. Unless informed otherwise, all Covid related national costs as outlined above will need to be met from the funding in this allocation. Whilst this funding is not within the ringfenced tables, it is anticipated that all organisations deploy this funding on these areas to ensuring recurrent sustainable services and this will be subject to regular monitoring and scrutiny to ensure this progress is delivered.
19. Due to timing issues, 2023-24 Pay allocations for A4C / DDRB / VSM have not been included in the 2024-25 allocation letter, and will be a supplementary allocation, once the pay mapping has been undertaken on an All-Wales basis.
20. Funding has been removed for agreed NHS Executive Phase 2 realignment activities and transferred into a centrally issued NHS Executive budget for 2024-25.
21. As in previous years, health boards should continue to take action to reduce all unnecessary and inappropriate variation and reduce waste. Health Boards are expected to implement the actions of national priorities on value and efficiency, implementing the agreed outputs of the national Value & Sustainability Board.
22. 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)

23. 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.
24. The DEL depreciation budget remains ring fenced and is a non-cash allocation, and reflects the detail issued to health boards 10 May 2023. In year allocation adjustments will be considered as part of the regular non-cash submission process.
25. A further £0.244 million top up for the Integrated Autism Service (IAS), allocated in-year in 2023-24 (as per the letter issued 24 July 2023) has been added to the Regional Integration Fund (RIF) for 2024-25.

26. The ring-fenced Palliative Care funding has been increased by £0.060 million per Health Board for bereavement co-ordination and includes an additional £2.208m for Hospices across Wales, previously issued on an in-year basis. This additional funding should be provided directly to hospices delivering core NHS services and further detail of exact allocations will follow from the Deputy Chief Medical Officer.
27. Recurrent allocations of £11.950 million for Further Faster funding have been added to the ring-fenced allocation Table B1. This funding is as per the letter issued 27 October 2023 from Judith Paget, and the letter set out the mechanisms for this recurrent allocation.
28. Recurrent allocations of c£50 million have been added for Planned Care, previously removed from the ring fence in 2023-24. The allocations are as per the letter issued from Nick Wood dated 25 July 2023; they are not based on the normal funding allocation process of fair shares as there is an inequity of access in certain regions which was important to address. The allocation is also a commitment to move to regional development and funding, rather than to individual health boards.
29. As advised in paragraph 16, the £245.8 million uplift includes an equivalent 3.67% 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)

30. Funding allocation adjustments have been made to the Directed Expenditure table, for agreed items, such as various NHS Executive Phase 2 adjustments for Aneurin Bevan (for Strategic Programme for Primary Care (SPPC) / 111 / 6 Goals Innovation Fund and PMO), Low Vision Service transfer from Hywel Dda to NHS Wales Shared Services, plus historical in year funding issued - MSK Orthopaedic funding Betsi Cadwaladr / British Transplant Games for Cardiff & Vale / Genomics Partnership Wales lease funding for Cardiff & Vale and Early Retirement Provision (ERP) funding for Powys.

Healthcare Agreements between Health Boards and with NHS Trusts

31. Health Boards and the Welsh Health Specialised Services Committee are expected to pass on an appropriate level of funding for relevant non-pay inflationary cost increases 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.
32. 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 the last working day of June 24. However, organisations are reminded of the expectation of reaching agreements that are reflected in submitted plans, and are therefore strongly encouraged to reach

agreement at the earliest possible opportunity. You are reminded that organisations are expected to reach agreement without the need for arbitration. Given the expectation of system progress on strengthened regional and collaborative working, any arbitration requirement will be seen as a failure of organisations ability to plan and deliver effective service arrangements. Organisations are to report on the status of obtaining signed agreements via the Financial Monitoring Return process.

PRIMARY CARE REVENUE

GMS Contract (Table C)

33. Contract negotiations have not been finalised for 2023-24. The GMS allocation is issued at this stage on the same basis as the recurrent 2023-24 allocation which excludes any contract uplift for 2023-24.

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

Community Pharmacy Contract (Table E)

35. Contract negotiations have not been finalised for 2024-25. The Pharmacy allocation is issued at this stage on the same basis as the recurrent 2023-24 allocation.

36. A supplementary allocation will be issued when the 2024-25 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)

37. Contract negotiations have not been finalised for 2024-25. The Dental allocation is issued at this stage on the same basis as the recurrent 2023-24 allocation.

38. The allocation will be re-issued for 2024-25 when contract negotiations have been concluded, and agreement is given for a contractual uplift.

39. 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 2024-25;
- 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 2024-25.

40. 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.

41. Increases to dental patient charges have recently been agreed from the 1st of April 2024. No changes have been made to dental contract patient charge targets as a result of the increase, and any increased patient charge revenue should be utilised by health boards to offset the current shortfall against the targets set in baseline dental contract allocations.

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 2024-25 which will likely require difficult decisions to be made. Officials will continue to work with organisations in respect of funding priority schemes in 2024-25
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 2024-25. 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. £25.8 million has been added to the ring-fenced mental health allocation in the LHB revenue allocation for core costs and demand uplift (equivalent to 3.67%), which provides health boards with additional funding. This funding will contribute to funding unavoidable cost and demand growth in mental health services.
47. Funding of £0.3 million has been transferred from central budgets for WAST/EASC Emergency Calls previously allocated on an in-year basis, plus cost neutral realignment adjustments for WHSSC transfers in respect of CAMHS Youth Offending Teams (YOTS) / FACTS, and CAMHS Parc Prison In-reach services - transfer to WHSSC

48. This increases the total Mental Health ring fenced allocation to £799.782 million in 2024-25. 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 2024-25 and the table shows an agreed increase of £0.810 million (equivalent to 3.67%). 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 2024. 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 (HEIW), NHS Executive and Digital Health and Care Wales (DHCW)

51. Core funding for the above bodies for 2024-25 are not being issued with this allocation. Separate funding letters will be issued from the policy leads and planning.

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 2024-25 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.

CYLCHLYTHYR IECHYD CYMRU



Llywodraeth Cymru
Welsh Government

Dyddiad Cyhoeddi: 21 Rhagfyr 2023

STATWS: CYDYMFFURFIO

CATEGORI: CYLLID

Teitl: Dyraniadau Cyllid Bwrdd Iechyd 2024-25

Dyddiad Dod i ben / Dyddiad yr Adolygiad N/A

I'w weithredu gan:

Prif Weithredwyr

Cyfarwyddwyr Cyllid

Angen gweithredu erbyn:

Ar unwaith

Anfonwr: Julie Broughton

Enw(au) Cyswllt GIGC Llywodraeth Cymru :

Julie Broughton, Adran Cyllid, 03000 255747

Dogfennau amgaaedig: *Llythyr Dyraniad, tablau Cyllid a nodiadau esboniadol.*

HEALTH BOARDS REVENUE ALLOCATIONS 2024-25 – EXPLANATORY NOTES

Table A1: HCHSP: Discretionary Allocation

Column 1 - 2023-24 Recurrent Allocation

This column is carried forward from the 2023-24 Health Board Revenue Allocation.

Column 2 - Baseline Adjustments (Table A2)

These are adjustments to the discretionary HCHSP allocation, sub-totalled at column 27, 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 - 2024-25 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 2024-25. It is carried forward to column 1 of the Summary table.

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

Column 1 - In year; Allied Health Professionals (AHPs)

This is the recurrent adjustment of the in-year allocation actioned in 2023-24. £50k of the funding issued in 2023-24 for ABUHB has been allocated to the NHS Executive as part of Phase 2 re-alignment iro Project Management Support (SPPC).

Column 2 - In year: Service Transfer for Local Public Health Teams (LPHTs)

This is the recurrent adjustment of the in-year allocation actioned in 2023-24.

Column 3 - In year: Fluenz Vaccination (transfer from GMS)

This is the recurrent adjustment of the in-year allocation actioned in 2023-24.

Column 4 - 2023-24 Cost Uplift Factor (CUF) England

This is the recurrent adjustment of the in-year allocation actioned in 2023-24.

Column 5 - In year: Revised 23-24 Cost Uplift Factor (CUF) England WHSSC

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

Column 6 - In year: Revised 23-24 Cost Uplift Factor (CUF) England C19

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

Column 7 - In year: Historical CHC baseline - supplementary adjustment

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

Column 8 - In year: Innovation funding (RIIC Hubs)

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

Column 9 - In year: Low Vision Hosted funding (supplementary adj to B2 Baseline adjustment of £0.837m)

This is the agreed full year effect of the 2023-24 adjustment actioned.

Column 10 - Increased demand for Sterile Medicines: top slice of funding to NWSSP

This funding has been top sliced from HBs (as per letter from Andrew Evans 14 September 2022) and issued as recurrent funding to NHS Wales Shared Services. Top slice amounts are as per the 2024-25 HCHS shares percentages.

Column 11 - 111 Service (supplementary adjustment to B2 Baseline adjustment)

Agreed top slice amount as per letter from Nick Wood dated 26 October 2023 (in addition to amount in Table B2).

Column 12 - 111 funding: Joint Commissioning Committee (transfer from A Bevan)

Agreed arrangement for 2024-25 as per letter from Nick Wood dated 26 October 2023.

Column 13 - In year: HPV funding

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

Column 14 - Primary Care Development funding (SPPC) to NHS Executive

Agreed funding adjustment for Phase 2 transfer of functions to NHS Executive

Column 15 - Neighbourhood District Nursing: Peer coaches/Nurse Advocates

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

Column 16 - NHS Wales Shared Services adjustments (Table 3)

Agreed transfers between health boards and NHS Wales Shared Services.

Column 17 – Optometry contract reform funding (over and above 22-23 audited spend)

Funding modelled by Primary Care policy team for agreed Optometry reform changes. Detail to be shared with Health Boards in due course.

Column 18 – In year: HB realignment transfers

Agreed realignment transfers between health boards iro Primary Care MH Advisors.

Column 19, 20 and 21 – Energy baseline funding

Agreed baseline funding for Energy costs, based on M08 HB MMR. Funding for VT and WAST to be passed from HBs via the appropriate mechanisms to the respective Trust.

Column 22 & 23 – Conditionally Recurrent funding: 2023-24 underlying deficit & Inflationary Increase

The £336.1 million conditionally recurrent funding from 2023-24 (as per the letter from Judith Paget 20 October 2023) has been built in for 2024-25. It must be noted however, that these allocations are recurrent in principle, and **conditional** on progress health boards make in delivering the target control totals set out by organisations.

Column 24 & 25 – C19 Baseline Funding

Funding for ongoing National Covid responses, including mass vaccination, Test, Trace and Protect, provision of PPE funding has been baselined as a recurrent discretionary allocation, based on HB forecasts as at Month 08 @ 80% levels. Unless informed otherwise, all Covid related costs will need to be met from the funding in this allocation. Adferiad funding has been added as per the letter dated 1st of February 2023 from Professor Chris Jones.

Column 26– NHS Exec baseline adjustment

Agreed realignment transfer between health board and NHS Executive iro legacy NHS Delivery Unit invoiced in 2023-24.

Column 24 – Total Adjustments (Carried forward to Table A1, Column 2)

This is the total of columns 1 to 26 and is carried forward to Column 2 in Table A1.

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

Due to timing issues, 2023-24 Pay allocations for A4C / DDRB / VSM have not been included in the 2024-25 allocation letter and will be a supplementary allocation once the pay mapping has been undertaken on an All-Wales basis.

Column 2 – Core uplift for 2024-25

£245.8 million is being allocated to meet core cost and demand pressures for 2024-25. This equates to a 3.67% increase on the recurrent discretionary allocation, the ring-fenced allocation (excluding mental health and depreciation) and directed expenditure. The HCHS funding is distributed using the updated 24-25 needs-based allocation formula. (See Table 2 for Mental Health Uplift at an equivalent percentage application).

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 2024-25

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

Column 1 – Learning Disabilities

This funding remains ring fenced in 2024-25 on the same basis as 2023-24. No additional funding or adjustments have been made.

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: Claire Bowden, Finance Directorate

Column 3 – Mental Health Services (Table 2)

This funding remains ring-fenced in 2024-25 on the same basis as 2023-24, plus agreed additional funding. Details of which are included in Table 2.

Contact: Julie Broughton, Finance Directorate, 0300 025 5747

Column 4 – Palliative Care/ Bereavement/ Hospice funding

The ring-fenced Palliative Care funding has been increased by £0.060 million per health board for bereavement co-ordination and includes an additional £2.208m for hospices across Wales, previously issued on an in-year basis. This funding should be provided directly to hospices delivering core NHS services and further detail of exact allocations will follow from the Deputy Chief Medical Officer.

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

This funding remains ring-fenced in 2024-25 on the same basis as 2023-24. Health Boards will direct this allocation through WHSSC in support of the strategy for 2024-25.

Column 6 - Critical care funding (including WHSSC funding)

This funding remains ring-fenced in 2024-25 on the same basis as 2023-24.

Column 7 – Critical care funding (EASC funding)

This funding remains ring-fenced in 2024-25 on the same basis as 2023-24.

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

Agreed time limited ring-fenced funding for Betsi Cadwaladr (additional year of funding over and above the initially agreed timeframe).

Column 9 – Funding for Planned and Unscheduled Care Sustainability for 23-24 onwards

This funding remains ring fenced in 2024-25 on the same basis as 2023-24.

Column 10 – Recurrent impact of funding for Planned Care Recovery

Recurrent allocations of c£50 million have been added for Planned Care Recovery. The allocations are as per the letters issued from Nick Wood dated 25 July 2023.

Column 11 – Funding Value Based Recovery.

This funding remains ring fenced in 2024-25 on the same basis as 2023-24.

Column 12 – Regional Integration Fund (RIF)

A further £0.244 million top up for the Integrated Autism Service, allocated in-year in 2023-24 (as per the letter issued 24 July 2023) has been added to the £132.657 million RIF funding, to give a revised 2024-25 total of £132.901 million. Breakdown of allocation:

- £50 million Transformation fund;
- £78.221 million previous ICF funding (including the £0.244 million)
- £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 13– Further Faster Funding

Recurrent allocations of £11.950 million for Further Faster funding have been added, as per the letter issued 27 October 2023 from Judith Paget.

Column 14 - Total 2024-25 HCHS Ring Fenced Allocation

This is the summary of columns 1-13. 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.

Columns 1 to 39 - Various

These remain as Directed Expenditure Allocations in 2024-25 on the same basis as 2023-24.

Exceptions are:

Column 14 – Low Vision Service Wales (LVSW) – hosting

Funding has been removed (£0.837 million) and transferred to NHS Wales Shared Services.

Column 20 – 111 Rollout

Funding has been removed (£15.2567 million) and transferred to NHS Executive and the New Joint Commissioning Committee (see Table A2 Col. 12) (as per Nick Wood's letter 26 October 2023).

Column 36 – National Allied Health Professional Lead

Funding has been removed and transferred to NHS Executive as per Phase 2 realignment process.

Column 37 – National Nursing Lead for Primary and Community Care

Funding has been removed and transferred to NHS Executive as per Phase 2 realignment process.

Column 39 – Innovation & Delivery Fund/Programme Management

Funding has been removed and transferred to NHS Executive as per Phase 2 realignment process.

Column 40 - MSK Orthopaedic funding

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

Column 41 - British Transplant Games funding

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

Column 42 - Early Retirement Provision (ERP) funding

Funding adjustment to be issued in year has been allocated on a recurrent basis as agreed with Powys THB.

Column 43 - Genomics Partnership Wales Lease funding

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

Column 44 - Total 2024-25 HCHS Directed Expenditure Allocation

This is the summary of columns 1-43. The amount is taken forward to Column 3, Summary Table.

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

The ring-fenced GMS contract allocation for 2024-25 has been allocated based on the current 2023-24 allocation. The GMS contract funding envelope remains ring fenced, although 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 contract agreements are confirmed.

Column 1 – Provisional allocation 2023-24

This column has been carried forward from the 2023-24 allocation letter.

Column 2 – In year: Global Sum/PSP List Size increases 23-24

Recurrent funding issued in year.

Column 3 – Provisional allocation 2024-25

Provisional GMS allocation for 2024-25 (sum of columns 1-3). 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 Pharmacy contract allocation for 2024-25 has been allocated based on the final 2023-24 allocation.

A supplementary allocation may be issued when there is more clarity on the 2024-25 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 2023-24

This column has been carried forward from the 2023-24 allocation letter.

Column 2 – In year funding: 23-24 agreed uplift Community Pharmacy Contractual Framework (CPCF)

Agreed 1% uplift issued in year.

Column 3 – In year funding: 23-24 agreed uplift CPCF

Additional 4% PRB recurrent funding issued in 2023-24.

Column 4 – Allocation for 2024-25

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 2024-25 has been allocated based on the final 2023-24 allocation.

A supplementary allocation may be issued when there is more clarity on the 2024-25 Dental pay and expenses agreement and detailed calculations available.

Column 1 –Provisional allocation 2023-24

This column has been carried forward from the 2023-24 allocation as set out in Table F.

Column 2 – In year allocation: North Wales Dental Academy

Recurrent funding issued in year.

Column 3 – In year allocation: 23-24 pay uplift

Recurrent funding issued in year (5% uplift).

Column 3 – Provisional allocation for 2024-25

This is the total of columns 1 to 3 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 2024-25 and the table shows an agreed increase of £0.810 million (3.67%). £22.912 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 2024**. 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 2024-25, which is at the 2023-24 levels, plus additional agreed funding transfers.

- Funding of £0.300 million has been transferred from central budgets for WAST/EASC Emergency Calls previously allocated on an in-year basis;
- cost neutral realignment adjustments for WHSSC transfers in respect of CAMHS Youth Offending Teams (YOTS) / FACTS, and CAMHS Parc Prison In-reach Services - transfer to WHSSC
- £25.843 million increase for core cost and demand pressures for 2024-25.

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 2024-25 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 (co VT).

Contact: Julie Broughton, Finance Directorate, 0300 025 5747

Table 4 – Depreciation funding

This table sets out the Depreciation funding for 2024-25.

Contact: Claire Bowden, Finance Directorate

Table 5 – Recurrent Primary Care Development Funding

This table reflects the recurrent primary care funding already included within the HCHSP discretionary baseline allocation, including presentational changes (as per letter from Alex Slade 23 May 2023), plus a top slice of £0.360m Strategic Programme for Primary Care (SPPC) transfer from Aneurin Bevan UHB to the NHS Executive as part of the Phase 2 realignment exercise.