

Cyflwynwyd yr ymateb i ymgynghoriad y [Pwyllgor Cyllid](#) ar [Cyllideb Ddrafft Llywodraeth Cymru 2024-25](#).

This response was submitted to the [Finance Committee](#) consultation on the [Welsh Government Draft Budget 2024-25](#).

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	The Welsh NHS Confederation response to the Finance Committee scrutiny of the Welsh Government's 2024-2025 Draft Budget proposals.
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Introduction

1. The Welsh NHS Confederation welcomes the opportunity to respond to the Finance Committee's scrutiny of the Welsh Government's Draft Budget 2024-25 proposals.
2. The Welsh NHS Confederation represents the seven Local Health Boards, three NHS Trusts (Velindre University NHS Trust, Welsh Ambulance Services NHS Trust and Public Health Wales NHS Trust), and two Special Health Authorities (Digital Health and Care Wales and Health Education and Improvement Wales). The twelve organisations make up our membership. We also host NHS Wales Employers.
3. NHS leaders recognise that public finances across the UK are extremely challenging. Similar to healthcare systems across the UK, and the world, the NHS in Wales has reached a perfect storm: the cost of providing healthcare continues to rise at the same time as demand on, and expectations of, the service continue to increase. The pandemic has led to a more complex picture for the health and care system. The NHS is experiencing very large increases in its day-to-day costs as a result of inflation, the elective care backlog, recruitment and retention of the health and care workforce, implementation of the pay award and the costs of providing continuing healthcare, increase in delayed pathways of care, increased demand and acuity of patients, increased spending on primary care and hospital prescriptions, alongside public expectations. However, we can recover from this perfect storm through the NHS working closely with partners from all sectors, including social care.
4. NHS leaders know they need to maximise the way they use the resources available, focusing on achieving the best outcomes for patients. Financial certainty has a big impact on the NHS's ability to plan and deliver quality services and the best outcomes for patient. The decisions made now by Welsh Government and NHS leaders will have a long-term impact on the health and wellbeing of the population. It is vital that all sectors work together to support the health and wellbeing of the population, to tackle inequalities and respond to the cost-of-living crisis to prevent further harm to the most vulnerable in our society. There needs to be an open and honest conversation with the public about what the future health and care service looks like to ensure future sustainability. It is vital that the whole public service ensure that any policy and spending decisions are planned to make the biggest impact on the lives of the communities they serve.

Key priorities for NHS leaders

5. As the membership body representing NHS leaders in Wales, we ask that the Welsh Government Budget for 2024-25 supports the following areas:
- **Capital:** Develop a ten-year investment plan for service change to reshape NHS estates and infrastructure, including digital. This would make NHS estates more sustainable, boost productivity and support the NHS to get through its care backlog, reduce carbon emissions, maximise public assets, attract additional funding through research and development opportunities, regenerate the local economy and improve patient care outcomes.
 - **Revenue:** Provide funding to cover inflationary pressures, to address the backlog in elective care and the increase acuity of patients post pandemic and support the maintenance of NHS estates and infrastructure, including digital.
 - **Workforce:** Support the development of flexible and innovative workforce plans and increase investment in NHS workforce so we continue to see an increase in the number of students and trainees across a range of professional groups.
 - **Social care:** Provide local authorities with ring-fenced allocations for social care, to meet the needs of their population and to support system-wide sustainability. The variation in investment in social care across Wales, for example, needs to be addressed through a renewed collaboration between Welsh Government and local government. The funding allocated to social care needs to have clearly defined target outcomes imposed by Welsh Government to ensure that the total amount spent on social care drives the change we need to see.
 - **Prevention and early intervention:** Recognise that the NHS needs to focus more on addressing the drivers of demand on our health services by working on prevention and population health measures which will support the long-term sustainability of the service. The variation in underlying need for preventative activities should be taken into account in the allocation formula.
 - **Digital investment:** Invest in digital infrastructure and functionality and see the opportunities that digital can bring to the economy and the NHS. Building digital functionality across patient pathways that capture and enables data to inform decision making and tools that supports its delivery. Opportunities include enhanced self-care; connecting parts of our health, care and wider public sector to enable people to keep safe and healthy at home for longer; allowing organisations to work in partnership to support the highest risk citizens first and deploying scarce staffing resources in an efficient way.
 - **Inequalities:** The NHS often has to address the health impact of inequalities in addressing the social determinants of health. Support a cross-government approach that creates the conditions for everyone to enjoy the best possible health, publishing a delivery plan that outlines actions being taken across all government departments to tackle inequalities.
 - **NHS and the economy:** Recognise that health is an investment in growing the Welsh economy, both locally and nationally. [Analysis](#) we published in October 2022 shows that every £1 invested in the NHS, returns £4 in Gross Value Added (GVA) for the economy. We should stop seeing the NHS as a drain on public resources but instead as a key driver of economic activity and employment. As large employers, purchasers, and capital asset holders, NHS organisations are well positioned to use their spending power and resources to address the adverse social, economic, and environmental factors that widen inequalities and contribute to poor health outcomes.

- **Long-term planning:** We would encourage a long-term planning framework for financial recovery.
6. Finally, the response from NHS Wales organisations to the challenges of the pandemic demonstrate that the health and care system can respond quickly and effectively when working in partnership with other public sector bodies, the third sector and communities. NHS leaders will do whatever they can to get the best value and outcomes for patients and improve efficiencies. That is why innovation, embracing digital and thinking differently about how services are provided are vital.

What, in your opinion, has been the impact of the Welsh Government’s 2023-2024 Budget, including funding related to the recovery of the pandemic? Have Welsh Government business support policies been effective, given the economic outlook for 2024-25?

7. The Welsh Government 2023-24 Budget recognised the need to stabilise the health system following the pandemic. It provided additional financial support to NHS organisations, especially health boards, as they continued to respond to system-wide challenges, including inflationary and post COVID cost pressures. However, the resources provided in the opening Welsh Government 2023-24 Budget were insufficient given the legacy COVID costs, the cost of recovery, including waiting time reduction, and exceptional inflationary pressures. The additional allocations notified in October 2023 have supported the in-year position but significant challenges remain, both in year and into 2024-25, and the delay between the original budget and the revised budget delayed collective action which could have improved the current financial position.
8. The NHS Wales Budget settlement for 2023-24 ceased a number of funding streams that the health boards had relied upon during the multi financial year pandemic period. This was based on the perception that the COVID driven cost pressures could be removed as the NHS became less exposed to COVID restricted operations. Consequently, the funding settlement caused health boards to lodge forecasted plans that projected a significant financial deficit that could not be accepted by Welsh Ministers. The Welsh Government mid-year financial review has helped re-provide support in a number of these areas which will allow the health boards to make best efforts towards a much reduced revised financial control total.
9. While the additional funding provided by the Welsh Government has been welcomed, like other public services across the UK, the NHS in Wales has been significantly impacted by a range of external drivers, leading to increased financial uncertainty and deficits. With a significant gap between the growth in healthcare demand and the inability to respond fully in the short to medium term, within certain fiscal constraints, all health boards are in deficit this financial year (2023-24) and are acutely aware of the financial difficulties for 2024-25.
10. Factors contributing to the increased deficits in 2022-23 and 2023-24 include:
 - **Underlying deficits from 2022-23:** All health boards’ deficits from 2022-23 were carried forward to 2023-24, acting as the starting point for 2023-24 finances. As highlighted in the [Audit Wales](#) report, the overall deficit for 2022-23 was £150m: *“Against a backdrop of significant pressure, the total in-year deficit for 2022-23 has increased to £150 million (£47 million in 2021-22) and the three-year cumulative*

over-spend across the NHS increased from £184 million in 2021-22 to £247 million in 2022-23". The underlying deficit is likely to again be carried forward into 2024-25.

- **Workforce:** A sustainable workforce is essential for a sustainable NHS. Workforce costs have increased in both the NHS and social care. Pay costs accounted for 45 per cent of health board revenue spend in 2022-23, around £5.4 billion. Workforce pay pressures have increased due to industrial action, high levels of vacancies and sickness, resulting in high variable pay expenditure and outsourcing of services from private providers, such as agency. The increase in agency nursing staff is largely down to pressures from delayed transfers of care. As highlighted by [Audit Wales](#), expenditure on agency staff has grown steadily over the last five years, with a further increase of 20 per cent in cash terms in 2022-23, putting overall agency spend at £325 million across NHS Wales. The majority of the spend is to cover workforce vacancies, with some supporting additional activity. In many health boards, this is the highest level they have ever seen.
- **Inflation:** There has been significant in-year variation driven by inflationary pressures, namely from energy price fluctuations but also for goods and services, including digital.
- **Social care:** Social care services play a crucial role in care pathways by keeping people well for longer outside of hospital and enabling faster, safer discharges home. There continues to be a significant number of patients, on average 1,500, waiting to be discharged from hospital due to capacity challenges in the social care sector, costing the NHS hundreds of millions of pounds every year. The average rate of a hospital bed is between £250 - £350 per night, therefore if there are 1,500 people medically fit for discharge in hospitals across Wales it costs an average £375,000 – £525,000 per night to the NHS in Wales. This is a significant driver of financial pressure. In addition, there has been increased expenditure on Continuing Health Care due to increases in local authority care home rates, the increase in the Real Living Wage and the Funded Nursing Care rate driven by the NHS pay award.
- **Medicines and prescriptions:** There has been increased spending on primary care and hospital prescriptions due to patient demand and the increased costs of drugs. After changes in clinical guidelines and increased activity following the pandemic, there has been an increase in oncology and scheduled care medicine. There has also been a higher-than-average increase in unscheduled care drugs expenditure as emergency departments continue to experience unprecedented demand.
- **Maintenance of outdated estates and infrastructure:** The cost of running NHS estates and infrastructure continues to increase. The NHS is faced with an ageing estate, including digital infrastructure, which was not designed for current demands and therefore fails to meet modern standards. Many hospitals in Wales were built in the 1960s or earlier, with [12 per cent](#) of the estate built pre-1948 and only 6 per cent post-2015. For many NHS organisations, there are significant ongoing costs to repair estates and undertake essential maintenance, with one health board estimating the maintenance costs in the region of £150m, and many must replace key expensive service items that are well past their effective working lives. In addition, in Wylhelmydd Hospital in Hywel Dda University Health Board and Nevill Hall Hospital in Aneurin Bevan University Health Board, remediation work is being undertaken following the discovery of RAAC. This is not only expensive but prevents NHS organisations from using the limited funds available to create new services. It is also key to invest in digital infrastructure, which is becoming increasingly important to mitigate cyber security risks.

- **COVID legacy:** It is clear the ongoing effects of the pandemic continue to have a significant impact on healthcare systems and the workforce. A number of costs continue to be unavoidable due to the different operating models that became embedded during COVID. This includes the ability to achieve the level of service delivery needed to eradicate clinical treatment delays, with rising demand on services, more patients presenting with higher acuity, and the ability to recruit and retain the workforce needed across health and care services. Alongside this, service changes made during COVID have been embedded in health board expenditure as well as the continuation of higher cleaning standards, PPE provision and testing.

How should/could the Welsh Government support the economy and business following the pandemic, Brexit and inflationary and other economic pressures?

- **How financially prepared is your organisation for the 2024-25 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?**

11. Inflationary pressures will continue to impact adversely into 2024-25. Whilst NHS Wales organisations welcome the additional funding from the Welsh Government, increasing costs as a result of inflation are having a significant impact on NHS delivery against government priorities. All health boards have an underlying deficit position which will only be partly mitigated by the conditionally recurrent allocations announced in October 2023. Whilst NHS organisations are yet to receive planning guidance for 2024-25, the approach by the NHS to date is to assume continuity of the 2023-24 trajectories in relation to ministerial measures. The assessment is that on the basis of a repeat inflationary uplift and continued allocations as per 2022-23 it will give the NHS clarity on financial parameters for planning.
12. The NHS is able to make some forward planning assumptions into future years. Many of the cost saving initiatives delivered in 2023-24 have been of a non-recurrent nature and the bounce-back of this into positions will be certain. The slight ease in inflation is welcome albeit health inflation, heavily impacted by drugs inflation, is often subject to different pressures than general Retail Price Index (RPI) type drivers. World markets alongside drug innovation and new drug implementation contributes to volatility in the prescribing arena. This is an area that is very difficult to accurately project even on a 12-to-18-month timescale.
13. The tight financial settlements over a period of years necessitates the need for ever growing cost reduction programmes which will be increasingly challenging to deliver due to the scale required. This will require a fundamental rethink of the sustainability in some service areas in their present service model configurations. Where NHS organisations have concerns is that the achievement of financial requirements could drive short-term decision making, shelving efficiency investment such as digital and service reconfiguration, and in some cases false economies, such as curtailing overseas nurse recruitment. The severe constraints on capital will also hold up the delivery of cost-efficient service reconfigurations. However, it is the NHS priority to meet their control total and demonstrate a balanced budget over the next three years.
14. It will be challenging to focus attention on the transformation of services when capacity is largely focused on meeting the challenges brought about by the COVID-19 pandemic, particularly the impact on the NHS Wales workforce. Delivering against efficiency targets

will be a challenge for health boards. This makes the need for national conversation about individual responsibilities to improve lifestyles even more important. Taking pressure of frontline services should be a key tenet of improving population health across a range of factors but especially in the field of diet, exercise and appropriate consumption of alcohol.

15. Finally, while it is well documented that the NHS accounts for around 50 per cent of the Welsh Government's budget, there must be recognition of the significant [contribution](#) the NHS makes to local and national economies. The NHS directly employs over 100,000 people across Wales to quality and stable jobs. The NHS is also a purchaser of local goods and a commissioner of local services, which are used for social benefits, its buildings and spaces supporting communities.
16. Furthermore, the size, scale and reach of the NHS means it has significant influence over the health and wellbeing of local populations. It plays a vital role in improving wellbeing and addressing regional inequalities throughout Wales. Health, wellbeing and the economy are bound tightly together; a healthy (physically, psychologically and socially) population results in a more economically active population. The well-worn saying 'health is wealth' is evidenced by the record 2.5m people out of work due to ill health costing the UK economy an [estimated](#) £43 billion a year. Interventions designed to improve health, inclusive growth and wellbeing in Wales should be a shared priority in the interests of all local, regional and national partners, businesses and communities.

What action should the Welsh Government take to help households cope with inflation and cost of living issues?

- How should the Budget address the needs of people living in urban, post-industrial and rural communities and in supporting economies within those communities?

17. Supporting our population is critical. The additional ways the Welsh Government could help householders cope with inflation includes:
 - Take action to improve the level of take-up of grants, allowances and benefit support already available to households.
 - Maximise Discretionary Housing Payments.
 - Provide more help with Council Tax through the Council Tax Reduction Scheme.
 - Maximise take up of home energy efficiency schemes, such as Eco4 and LA Flex.
 - Fund integrated wellbeing and keep warm initiatives.
 - Urge utility companies to engage in more proactive promotion and awareness-raising campaigns for social tariffs and demonstrate improved take-up of these tariffs.
 - Convene partner organisations and engage in constructive challenge on progress being made on Cost of Living-related policies to accelerate co-ordinated action.
 - Fund and extend the reach of the 'Food and Fun' programme so that it prioritises low-income families.
 - Support and encourage local activity-based programmes for adults that provide help with costs and have health and wellbeing benefits.
 - Implement, at pace, the proposed warm homes programme.
 - Implement the recommendations of the [Wales Expert Group on the Cost of Living Crisis](#).
18. As in the Public Health Wales report, [Cost of living crisis: a public health lens](#), the cost-of-living crisis is having, and will continue to have, a significant and wide-ranging negative impact on people's mental and physical health. It is likely that those making the

difficult decision to eat or heat their homes will require the support of the NHS, and so preventative action is required to alleviate any potential demand and to ensure inequalities are not exacerbated. To build on the report, Public Health Wales ran an all-Wales cost of living [summit](#) in March 2023, convening stakeholders from different sectors to discuss the key challenges, risks, enablers and solutions in the short, medium and long-term .

19. Key areas discussed in the summit included food, energy and housing; mental health; income and debt; and health and care. The post-summit report proposed the following next steps:
 - In the short term, make support more easily accessible and better inform service delivery at the local/regional level. More supportive funding, such as funding with greater security and time length, and a national vision and framework.
 - In the medium term, involve communities in service planning and design, and improve partnership working and coordination at the local/regional level. At the national level, improve the offer of national prevention programmes, such as screening, and improve provision and use of data and evidence.
 - In the long term, adopt the Future Generations Ways of Working (prevention, integration, collaboration, involvement, long term) into working at the local/ regional level as well as a greater focus on health equity, and 'Health in All Policies'. At the national level, strategies and policies to build a healthier Wales (such as social security consolidation and building sustainable, healthy food systems) and a more equal Wales were proposed.
20. The NHS alone does not have the levers to help people cope with pressures from the rising cost of living, to reduce the impact on their health and on inequalities. We therefore must shift the focus from public health initiatives delivered through the NHS and local authorities to addressing factors that cause ill-health in the first place, such as education, poor housing, transport and food quality. As highlighted in the Welsh NHS Confederation Health and Wellbeing Alliance report, '[Mind the gap: what's stopping change?](#)', addressing the factors that cause ill-health in the first place should be a central focus for the Welsh Government and a cross-government approach to inequalities is needed.

Are Welsh Government plans to build a greener economy clear and sufficiently ambitious? Do you think there is enough investment being targeted at tackling the climate change and nature emergency? Are there any potential skill gaps that need to be addressed to achieve these plans?

21. Alleviating climate change must be a priority in supporting economic and social recovery. However, further investment, including capital funding, is required to support public bodies to reach the Net Zero target by 2030 set by Welsh Government in the [NHS Wales Decarbonisation Strategic Delivery Plan](#).
22. NHS organisations have a substantial impact on the environment and is a significant consumer of energy and water resources within Wales. Delivering high-quality health and care places numerous demands on natural resources and the environment, such as: the use of energy, water and consumables, including single-use plastics; waste production and waste management; and travel, which requires fossil fuels and contributes to air pollution.
23. NHS Wales organisations are looking at establishing local supply chains using their buying powers, which will also help shorten the supply chain and reduce emissions. In

addition, making better use of digital technology across our services and communities, such as video consultations, will reduce the environmental impact of healthcare delivery.

24. NHS organisations have previously acknowledged the need for better support and clarity of the green agenda within NHS Wales to better align Welsh Government green strategies with the capital renewal of NHS Wales estate. Where there are timescale gaps to the required green technology being available to replace older technologies and carbon heavy energy solutions there needs to be better understanding of the interim investment solutions required as a bridge to the greener economy. There have been examples whereby one arm of Welsh Government might influence the rejection of funding for a traditional technology without there presently being a holistic green solution. This can contribute to business continuity risk and medium-term carbon inefficiencies as older technologies are eked out and patched up to maintain services. A better understanding of the options and support available would better align the health sector with Welsh Government strategy.
25. Furthermore, while the NHS is looking at a range of innovative ways to reach the Net Zero target, without sustained capital investment in estates, facilities and infrastructure it will be difficult to achieve. As highlighted above, NHS estates and infrastructure need to be brought up to modern standards and become more energy efficient, which is extremely challenging due to the current age profile of hospitals and other buildings across Wales, with only [14 per cent](#) of the estate built since 2015. While all options are being considered by NHS leaders to bring down energy inefficiencies, without sustained investment and new infrastructure the target is unlikely to be met.

The Committee would like to focus on a number of other specific areas in the scrutiny of the Budget. Do you have any specific comments on any of the areas identified below?

- **Is enough being done to tackle the rising costs of living and support those people living in relative income poverty?**
26. We know that people working in the NHS are struggling with the rising cost of living and for many, they are now living in relative income poverty, as evidenced by the number of NHS staff accessing Food Bank vouchers in the workplace (not just the lowest pay banded staff) and the financial wellbeing services that all NHS organisations provide. NHS leaders do however know that due to the stigma of income poverty there will be a greater number of staff who will feel too embarrassed or ashamed to ask their employer or other agencies for help. These are clear indicators that not enough is being done to tackle the rising cost of living and supporting those people who are in employment, living in income poverty.
- **How could the budget further address gender inequality in areas such as healthcare, skills and employment?**
27. There continues to be gender inequality in the workplace as evidenced by NHS organisations Gender Pay Gap Reports for 2022-23 e.g. one health board report highlighted that in a workforce where 80.8% of their employees are female, they continue to earn less than their male counterparts.

28. There are many factors which contribute to gender pay inequality which require budgets to address them, for example unaffordable childcare provisions increases the necessity for women to work part-time or exit the labour market. Part-time working reduces the opportunities to undertake training and development to assist female staff to move into higher paid roles.
 29. The provision of skill and employment-related development opportunities need to be fully inclusive and accessible to all. Access to Welsh Government budgets can facilitate this activity, enabling employers to provide programmes and interventions explicitly aimed at reducing gender inequalities. In particular, budgets could provide the means to build on existing leadership development offers, providing increased access and exposure to all areas of our communities. Further work could be facilitated with both Women's and LGBTQ+ Staff Networks to ensure bespoke development opportunities are provided to increase visibility and access to further skills and employment.
 30. Budgets could also be allocated to gaining a better understanding of the barriers to realising gender equalities, particularly in relation to employment and gender disparities within senior positions. This approach would drive an intelligence-lead, evidence-based approach to providing career development opportunities to under-represented groups.
- **Is the Welsh Government's approach to preventative spending represented in resource allocations (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early).**
31. NHS leaders recognise that partners across the public sector who play a key role in prevention and supporting the health and wellbeing of the population are facing acute financial challenges. NHS leaders therefore support an approach to further protect funding for preventative measures that recognise the importance of improving population health outcomes and the sustainability of services in the longer term. However, the funding allocated for preventative services, including for social care, needs to have clear levers imposed by Welsh Government to ensure the desired outcomes are achieved.
 32. The whole public sector needs to be appropriately resourced, including social care, housing and education. This will allow it to respond to the significant demand facing the NHS and enable health and wellbeing systems to operate effectively. Resources must be allocated to provide the best outcomes for the population, and it is important that the Welsh Government state that a nominal proportion of health and social care funds should be spent on preventative and early intervention activities and spending bodies are held to account for the use of these monies.
 33. The Welsh Government should address, regulate and properly resource contributors to ill-health, such as poor housing, transport and food quality. Shifting the focus from public health initiatives delivered through the NHS and local authorities to addressing the wider determinants of health would reduce demand on the health system, creating capacity. There must also be a shift towards increased preventative spending, supporting early intervention. This must be supported by clear evidence and data to demonstrate a cause-and-effect relationship between these competing factors, along with a clear impact timeframe. This will give confidence to the public that the state of future health is worth investing in now over short-term investment in treatment.

34. Funding for social care services should also be prioritised as they help keep people well for longer outside of hospital and enable faster, safer discharge. It is not possible to consider the long-term future of the NHS in Wales without considering the issue of how, and to what level, the social care system should be funded in the future. We need to work towards achieving a consensus that NHS and social care services are interdependent. As highlighted in our briefing, ["It's not just a crisis, it's a national emergency": Addressing the challenges in social care](#), the last few years have exposed deep cracks in the social care system and have exacerbated structural vulnerabilities, with devastating consequences for social care residents and their families. It is vital to ensure adequate state funding to improve access and quality of care for those who need it. We need a stable provider market and sustainable workforce that is properly valued, paid and respected for this important work. We believe that parity of pay and conditions across health and care and the creation of a national care service will provide a framework for these changes, which need to be aligned to wider market forces in the social care sector. We need to provide local authorities with ring-fenced allocations for social care, to meet the needs of their population and to support system-wide sustainability. The variation in investment in social care across Wales, for example, needs to be addressed through a renewed collaboration between Welsh Government and local government and have an independent assessment on local authorities social care spending. The funding allocated to social care needs to have clearly defined target outcomes imposed by Welsh Government to ensure that the total amount spent on social care drives the change we need to see.

- **How should the Welsh Government explain its funding decisions, including how its spending contributes to addressing policy issues?**

35. It is vital that the Welsh Government, and all politicians, explain the financial uncertainty and challenges faced and the impact this could have on NHS and wider public services.

36. As highlighted in our recent briefing, [The NHS at 75: How do we meet the needs of future generations?](#), the scale of the challenge must be communicated to the public and an honest conversation is needed about what the NHS can be expected to provide in the future. Without transparency from the Government on how funding decisions are made, it is challenging for NHS and wider public sector leaders to explain to their local populations why difficult decisions around service changes have to be made. There is a need to engage with the public on service change, as long-term service transformation will take time to implement, so short-term measures must be established to deliver higher priority services.

37. Individuals must feel personally invested in their wellbeing and our health and care service to help ensure its long-term sustainability, which will only be possible through public involvement and co-production of services. This will allow people to feel supported, empowered and informed to take more responsibility for their health and wellbeing, manage their conditions and use services responsibly. Now is the time to galvanise the Welsh public to engage in how the health and care system can innovate and transform to meet the needs of future generations and make patients more involved and navigators of their care, enabling the NHS to provide care in the future.

- **How can the documentation provided by the Welsh Government alongside its Draft Budget be improved?**

38. Given the uncertainties of budgeting at a national level, it might be appropriate to scrutinise the application of consequential received after the main annual budget motion

has been completed. Changes to the budget should be minimised to ensure clarity. However, changes could be made in exceptional circumstances, such as the significant financial uncertainty that took place following the mini-budget in October 2022.

39. Furthermore, there needs to be increased transparency regarding the level of funding held in reserve at the centre and for all-Wales projects. This will help ensure a clear picture of what is required and the funding available to enable the NHS to plan for services, programmes and the workforce and skills required.
- **How should the Welsh Government prioritise its resources to tackle NHS waiting lists for planned and non-urgent NHS treatments. Do you think the Welsh Government has a robust plan to address this issue?**
40. It is clear the ongoing effect of the pandemic is having a significant impact on healthcare systems. This includes reducing the ability to achieve the level of service delivery needed to eradicate clinical treatment delays, with rising demand on services and more patients presenting with higher acuity, and the ability to recruit and retain the workforce needed across health and care services. If the NHS in Wales is facing sustained years of tight funding settlements then pan regional dedicated planned care services will be required to make significant inroads into waiting times and lists rather than assistance with waiting list initiative at a micro level with health board providers.
41. Reducing the elective backlog will take sustained investment over many years and accountability from the Welsh Government. The provision of recovery funding in October 2023 to address waiting list backlogs was welcomed. However, with all UK health commissioners seeking similar improvements in waiting list totals and profiles it has been difficult to secure good value for money when sourcing solutions because of the limited additional capacity available in the UK health markets. Consequently, some of the deployment has been on short term expensive cost per case initiatives through both out-sourced and in-sourced solutions. This is likely to be the health economic outlook for some years and therefore it would be better to look at collaborative regional initiatives to maximise delivery of additional dedicated planned activity in key waiting time areas. This must be over a sustained period rather than consistently fund micro initiatives at health board levels which contribute to an improved position but not at scale and not at best value.
42. Plans to reduce the elective backlog must consider all parts of the health and social care system, not just acute hospital settings. Mental health services, allied health professionals, primary and community care form an eco-system that helps patients wait well before elective treatment, sometimes resulting in the patient no longer needing the planned treatment. Ambulance services, for instance, play a critical role in supporting communities. They have a unique role in connecting with all parts of the NHS and other emergency services and can play a big role in helping transform the way that patients interact with the health service. There is a need for recurrent funding to support the pump priming of 'upstream/out of hospital' transformation and long-term service development.

- **Is the Welsh Government providing adequate support to the public sector to enable it to be innovative and forward looking through things like workforce planning.**

43. A sustainable workforce is essential for a sustainable NHS. Investment in student education and staff training across a range of professional groups should continue to be a priority if the healthcare system is to respond to future demands and deliver improved outcomes for patients. In addition to traditional routes, investment in alternative training and education pathways, including apprentices, is important. Investment in educating and training existing staff to acquire new skills and expertise is essential to support the NHS' drive to deliver new ways of working and adopt innovative technology and digital advancements.
44. Strategic workforce solutions should be developed to actively encourage recruitment from local communities, to study, train and work in the NHS across Wales. This should include developing new roles and skills which align with the use of innovative technologies to provide greater resilience.
45. Robust long-term workforce planning must be in place to maintain a sustainable workforce and enable the best use of resources. Long-term workforce planning is only effective if properly integrated with service and digital redesign and transformation. Given the lead times, this would need a 10–15-year approach to change the shape of care, the shape of work and the shape of education. This would provide the opportunity for a radical rethink of how we work.
46. The wellbeing of the workforce is key, particularly in the context of an ageing population, ageing workforce and increasing healthcare demands. Actions to improve retention of staff are increasingly important.
47. One important route to better NHS productivity lies with digitisation, but there is a severe digital and data skills shortage in the NHS workforce. This is impacting the NHS's ability to fully develop, deliver, and scale the digital transformation required to realise real productivity gains.
48. Focusing on each of these elements should result in a more sustainable workforce, contribute to addressing inequalities and increase social and economic benefits to local communities across Wales.

- **Has there been adequate investment from the Welsh Government in basic public sector infrastructure.**

49. As highlighted previously, the lack of capital funding and investment is a major barrier to service delivery now and in the future. We need a funding solution from the Welsh Government for major capital infrastructure work required to keep services running in their current configuration. We have called on the Welsh Government to develop a ten-year investment plan for service change to reshape NHS estates and infrastructure, including digital infrastructure, making it more sustainable, reducing carbon emissions and maximising public assets.
50. The recent RAAC issue across the public sector highlights the parlous state of much of the UK's public capital infrastructure. It is no surprise given the lack of investment and it

is a problem that stretches across multiple governments. The NHS is a case in point: the UK has consistently spent less on capital investment than its OECD peers for more than a decade and a half.

51. For many NHS organisations, there is a significant maintenance backlog with high costs even just for essential maintenance. One health board estimates its maintenance costs to be in the region of £150m, with many organisations needing to replace expensive equipment which is well past its effective working life. This is not only expensive but prevents NHS organisations from using the funds towards new services. It is also vital to invest in digital infrastructure, which is becoming increasingly important to mitigate cyber security risks.
 52. Capital investment is key to continuing to deliver high-quality, safe healthcare, as well as reaching longer-term goals to deliver innovation and integrate care. Having a multi-year capital funding settlement for the entire NHS would help reduce the backlog, ensure the safety of the NHS estate, improve patient outcomes and the working environment for NHS staff, and truly make inroads to reducing inequalities by transforming models of care and improving access to health and care services.
 53. Capital and associated revenue funding is needed to embed more digital innovations accelerated by the pandemic. COVID-19 has highlighted the opportunities afforded by digital technology across the health and care system. Its availability, dependency, access, resilience and security are now essential to ensure the continuity of services and NHS organisations are committed to building on the progress made. The Track Trace Protect system has demonstrated the art of delivering a product on a national scale safely, quickly and efficiently. There are future opportunities to accelerate the shift to data driven, value-based and locally delivered models of care. It is important that the Welsh Government's investment priorities in 2024-25 include a significant digital aspect. This means safeguarding and developing existing local and national NHS infrastructure, but also ensuring transformations in patient pathways and the transition more generally to a healthier Wales.
- **Is the support provided by the Welsh Government for third sector organisations, which face increased demand for services as a consequence of the cost-of-living crisis and the pandemic, sufficient?**
54. NHS leaders recognise the significant financial challenges many third sector organisations in Wales currently face, at a time of increased demand on their services. NHS leaders have always valued the significant contribution the third sector makes to supporting the health and wellbeing of the population. NHS leaders recognise that third sector organisations are mutual partners who work hand in hand with them and have the skills and expertise to improve patient and service user experience and outcomes. All NHS organisations in Wales work in partnership with the third sector by commissioning organisations to deliver services, in effect bolstering capacity and reducing demand on the NHS.
 55. The influence and reach of third sector organisations is not limited to supporting the delivery of health and care services. The sector also plays a vital role in the prevention and wellbeing agenda by providing health and care information; patient and service user advocacy; enabling people to maintain their independence, health and wellbeing in their

own home and in their community outside of NHS settings; and improving people's quality of life and community cohesion by supporting volunteers and volunteering opportunities.

56. The third sector also plays a significant role in engaging with health and social care services when the NHS and other public sector bodies consult on new services or service change. Within A Healthier Wales, there is a clear emphasis on shifting towards community-based models of health and social care that cut across traditional organisational boundaries. A Healthier Wales has enabled third sector bodies to take on a more enhanced role in supporting people and communities, including through engaging with Regional Partnership Boards (RPBs) and Public Service Boards (PSBs). There will also be an increased emphasis on third sector support when the Welsh Government Social Prescribing Framework is published, in addition to the new Mental Health Strategy expected in 2024.

- **What are the key opportunities for the Welsh Government to invest in supporting an economy and public services that better deliver against the well-being goals in the Well-being of Future Generations Act?**

57. NHS organisations are committed to delivering on the vision set out in the Well-being of Future Generations (Wales) Act 2015. This supports new ways of working across the health and social care system and acts as a framework for considering how the decisions made in the here and now could impact the health and wellbeing of future generations.

58. While health boards make small financial contributions to Public Service Boards (PSBs) from their own budgets, health boards do not receive financial support or resources from the Welsh Government to support the implementation of the Act. Therefore, Welsh Government funding would support public bodies to make further progress. The expectation is that implementing the Act falls within an NHS organisation's core business responsibilities and so it is therefore absorbed by the budgets of those who lead on the Act within each organisation. In recent years, many of these roles have had to be broadened to encompass significant reporting responsibilities to comply with the Act.

59. NHS leaders recognise that implementing the Act should be a key part of core business, both at an organisational and departmental level. However, developing the level of knowledge and robust partnerships needed to implement the Act takes time and workforce capacity, despite no allocated financial resource. In addition, some health boards are members of multiple PSBs that sit within their health board footprint. The strategic priorities of each PSB vary, which can lead to competing priorities for the health board. While RPBs align with health board footprints, PSBs align with local authority footprints, causing challenges with the governance arrangements for RPBs and PSBs. Further clarity is required on the relationship between RPBs and PSBs so they can work in a complementary way.

Conclusion

60. Healthcare, reducing inequalities and maintaining people's mental health and wellbeing, should be at the heart of the Welsh Government's draft budget. NHS leaders understand the current budget limitations on the Welsh Government and believe we need to work

together with the Government, all political parties and public sector leaders to create innovative solutions across a streamlined set of priorities, which effectively balance short-term need with long-term vision. However, the scale of the challenge must be clearly communicated to the public.

61. NHS organisations across Wales are committed to doing the very best they can to deliver high-quality, timely and safe care to the people of Wales. Our members recognise the importance of improving population health and wellbeing by creating an environment that enables people to maintain good physical and mental health for as long as possible.
62. Creating a sustainable system requires a cross-sector effort to build healthier and more prosperous communities, reducing demand well into the future. To this end, population health must be a consideration across government department budgets. We need to emphasise the importance of working with partners across the public sector so we may collectively rise to the challenges faced. We cannot lose sight of the fact that this is not just about budgets, targets and deficits – it is about people’s lives. They will bear the brunt of the impact, as will the staff who do their very best to care for them every day.
63. Our briefing, [‘Investing in the NHS: Priorities for future government budgets’](#), further details the budgetary pressures within the health and care system, outlining priorities for future government budgets.