

Finance Committee FIN(4)-06-11 Paper 1

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Welsh Government Draft Budget 2012-13 – evidence from the Welsh NHS Confederation

On 4 October 2011, the Welsh NHS Confederation made a statement in response to the publication of the Welsh Government's draft budget 2012-13, as follows:

“The NHS in Wales welcomes both today's draft budget and the announcement by the Health Minister about further additional funding.

“The seven Health Boards and three NHS Trusts in Wales are already working hard to make sure that high quality, safe and cost-effective healthcare services are available to everyone. This money will help progress this work and will undoubtedly benefit patients.

“We must emphasise, however, that to continue to improve, the NHS needs to transform how services are delivered to patients – the status quo is simply not an option.”

The Welsh NHS Confederation, which represents the seven Health Boards and three NHS Trusts in Wales, is clear about the pressing need for major change to the way health services are delivered to patients.

It is widely acknowledged that, across the United Kingdom, Wales received the toughest financial settlement in respect of the NHS. Given this current general economic climate, therefore, the NHS is grateful for a draft budget which will release an additional £288 million over three years. Notwithstanding this extra funding, however, cost pressures are still significant and ever-increasing.

Health Boards will need to continue to take stringent cost-reduction measures, including efficiency savings of at least 5% a year over the next three years. This is an exacting position for the NHS, which will result in difficult decisions having to be made in order to meet the legal obligation to break-even by 31 March 2012 and for each financial year thereafter.

The Health Minister's announcement that an additional £100 million will be distributed to Health Boards later this month is particularly welcomed. By informing the NHS of this resource now, Health Boards can make it an integral part of the planning of services. It gives an opportunity for Health Boards to take stock of their current financial position, of their forecasts, their performance and to reassess their service priorities and how they will deliver services.

In terms of financial planning, this also represents a significant change in approach by signalling recurring monies rather than operating simply on an in year basis.

It means that health organisations will now be better placed to take a longer term view of service change and improvement which can only benefit patients.

Part of the responsibility of the NHS in Wales, especially in these economically straitened times, is to be open about the difficult choices we face. Long term demographic trends, costly medical advances and new drugs, lifestyle related conditions and the challenges of providing services across all parts of Wales, have an impact on healthcare resources. If the NHS continues to do the same things in the same way but with less money then it will fail.

The people of Wales, we believe, understand that the current economic climate affects not only the size of the public services budget but also how it is used. We know that the NHS in Wales must do more to involve the public and patients, staff and partner services in explaining and working through the choices that need to be made. Health Boards and Trusts are committed to improving arrangements for involving all these groups, to explaining priorities and to continuing the development of a modern, safe, quality, value-for-money health service.

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