



Briefing for Members of the Senedd for the debate on the Draft Budget

Introduction

This briefing is for Members of the Senedd (MSs) in preparation for the debate on the Welsh Government Draft Budget 2023-24 on Tuesday 13th December.

Key points to consider:

- The NHS currently faces its greatest financial challenge. The pandemic has led to a more complex picture for the health and care system, with pressures as a result of inflation, the elective care backlog, recruitment and retention of the health and care workforce, the rising cost-of-living and high demand on NHS and social care services.
- The NHS requires a clear, streamlined direction and priorities, underpinned by a long-term vision for the system and a long-term strategic workforce plan. This will need a tight focus on those issues which require immediate prioritisation and the financial support to enable it to happen.
- While NHS leaders acknowledge the restrictions that the Welsh Government face, it is vital that the Government and MSs are open with the public to enable them to understand the pressures facing the NHS and the need to radically re-think how services are delivered in the long-term.
- NHS leaders recommend that the budget prioritises the following areas:
 - **Revenue:** Providing additional funding to cover inflationary pressures, including energy costs, ongoing COVID-19 costs, addressing the backlog in elective care and supporting the maintenance of NHS estates.
 - **Capital:** Developing a ten-year investment plan for service change to reshape NHS estates and infrastructure, making them more sustainable, reducing carbon emissions and maximising public assets.
 - **Workforce:** Increasing investment in the NHS workforce alongside a long-term workforce plan.
 - **Social care:** Providing local authorities with ring-fenced allocations for social care, to support system-wide health and wellbeing and to meet the needs of their population.
 - **Inequalities:** Publish a delivery plan that outlines the action being taken across all government departments to tackle inequalities.
 - **NHS and the economy:** Recognising the significant contribution the NHS makes to wider economic and social recovery when allocating funding.
- The response from NHS Wales organisations to the challenges of the pandemic serve to demonstrate that the health and care system can respond quickly and effectively to challenges when the resource framework and investment supports the direction of travel and aims to achieve the same outcomes.

The current financial outlook and being open with the public

NHS organisations are in a very challenging period, with little space to effectively plan for long-term system transformation. Brexit, COVID-19, climate change, alongside inflationary and energy price increases and the cost-of-living crisis, present significant challenges for all organisations in 2023-24.

The financial position of NHS organisations will have an impact on the speed of recovery following the pandemic. The scale of the challenge must be communicated to the public and an open and honest conversation is needed about what the NHS can be expected to provide in the future. Difficult decisions will have to be made between the demands of elective recovery, access to primary care, mental health and the generational task of reducing health inequalities. That is why NHS leaders require the Welsh Government, and all politicians, to be clear with the public about the scale of the recovery challenge.

Key priorities for the NHS

Revenue and sustained investment

One of the key financial challenges currently facing the NHS is the elective backlog. Reducing the elective backlog will take a commitment to sustained investment from Government and must consider all parts of the health and social care system, not just acute hospital settings. For example, mental health, primary and community care services form an ecosystem that helps patients wait well before elective treatment.

There continues to be concern over the system's capacity to achieve the ambitious targets set out in Welsh Government's planned care recovery plan. While staff are working tirelessly to care for patients, there are limiting factors preventing the NHS from effectively addressing the backlog.

COVID also continues to place financial pressure on NHS services. One health board has forecasted that an estimated £84.4m will be spent on COVID-related costs in 2023-24, with funding provided by the Welsh Government being scaled back. These continued pressures will make it difficult for organisations to maintain all current services.

Capital

While NHS leaders share the government's commitment to boost NHS productivity and are doing all they can to tackle the elective care backlog, the lack of capital funding is now a major barrier. The NHS is faced with an ageing estate, which was not designed with current demands in mind. We have called for the Welsh Government to develop a ten-year investment plan for service change to reshape NHS estates and infrastructure, making them more sustainable, reducing carbon emissions and maximising public assets.

For many NHS organisations, there are significant ongoing costs to repair estates and undertake essential maintenance. Capital investment is key to continuing to deliver high-

quality, safe health services, as well as reaching longer-term goals to 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.

NHS workforce

Continued investment in, and long-term planning for, NHS workforce growth and retention is key. NHS leaders are worried about the levels of staff burnout in light of persistent demand. It is important that we continue to see an increase in student and trainee numbers across a range of professional groups. Investing in student education and staff training extend beyond financial benefits, helping to improve patient experience, quality and continuity of care, reducing complaints and adverse incidents. It is also evident that investment in educating and training existing staff to acquire new skills and expertise is essential to support the NHS in Wales' drive to deliver new ways of working and adopt innovative technology.

Long-term workforce planning is essential for a sustainable workforce but 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 in order 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.

Investment in 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. To enable health and wellbeing systems to operate effectively, the whole system needs to be appropriately resourced, which includes increasing the funding provided to social care.

As highlighted within our briefing, ["It's not just a crisis, it's a national emergency": Addressing the challenges in social care](#), the last two 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 support. We also need a stable provider market and sustainable workforce that is properly valued, paid and respected for this important work. We believe that pay parity across health and care, restructuring of social care provision and the creation of a national care service will provide a framework for these changes.

NHS and the economy

Health, wellbeing and the economy are bound tightly together; a healthy (physically, psychologically and socially) population results in a more economically active population. Interventions designed to improve health, inclusive growth and wellbeing in Wales are in the interests of all local, regional and national partners, businesses and communities and should be a shared priority.

With substantial purchasing power and as a major employer, the NHS must be a key consideration in broader budgets. Our briefing, [Health, wealth and wellbeing: The NHS' role in economic and social recovery](#), highlighted the numerous ways the NHS helps support the economy in its role as an anchor institution.

Cost of living and inequalities

As highlighted in the recent Public Health Wales report, [Cost of living crisis: a public health emergency](#), the cost-of-living crisis will have a significant and wide-ranging negative impact on people's mental and physical health. It is likely that those facing 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.

The NHS alone does not have the levers to reduce inequalities, which is why we need to shift the focus from public health initiatives delivered through the NHS and local authorities to addressing factors such as 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.

While the current crisis will have serious consequences for inequalities and population health, it also has major financial implications for NHS organisations. There has already been a substantial increase in spend as a result of energy and fuel costs, especially considering the old and inefficient NHS estate. There will also be an impact on students and fill and attrition rates for health professional programmes due to limitations of the current bursary policy. While the policy has changed, the Welsh Government should consider short-term measures to support students.

Conclusion

We understand the current budget limitations on the Welsh Government and believe both the government and the NHS will need to work together to create more 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.

Creating a sustainable system will require 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 that we may collectively rise to the challenges we face.

Further information

If you would like further information on any of the issues raised in the briefing, please contact Nesta Lloyd – Jones on nesta.lloyd-jones@welshconfed.org

The Welsh NHS Confederation represents the seven local health boards, three NHS trusts, Digital Health and Care Wales and Health Education and Improvement Wales (our members). We also host NHS Wales Employers.

Our recent briefing, [‘Investing in the NHS: Priorities for future government budgets’](#), explores the budgetary pressures within the health and care system and where further investment should be made.