

CONSULTATION RESPONSE FORM.

BRITISH HEART FOUNDATION CYMRU CONSULTATION RESPONSE TO WELSH GOVERNMENT DRAFT BUDGET 2023-24.

The British Heart Foundation (BHF) is the largest independent funder of medical research into heart and circulatory diseases in the UK. Our research has helped halve the number of people dying from these conditions since the 1960s. Our ambition is to beat heartbreak forever, and we work to transform the detection, treatment, and support for people with heart and circulatory diseases. We welcome the opportunity to share our insight about the impact of the Welsh Government draft budget for 2023-23 on care for people with heart and circulatory disease in Wales and the future of research and innovation in Welsh Universities.

1. What, in your opinion, has been the impact of the Welsh Government's 2022-23 Budget, including funding related to the recovery of the pandemic? Have Welsh Government business support policies been effective as the economic outlook for 2023-24 continues to worsen?

The impact of the Welsh Government's 2022-23 Budget and the forecasted economic outlook for 2023-2024 highlights the importance of investing in Welsh universities to drive economic growth, ensure recovery from the COVID-19 pandemic and foster innovation in Wales. The Welsh Government's 2022-23 budget included £81.7 million allocated to Higher Education Funding Council Wales (HEFCW) for quality-related funding (QR) ⁱ to Welsh universities whilst Research England announced £1.789 billion for QR funding for 2022-23. ⁱⁱ If Welsh universities were supported to compete with England, pro-rata QR funding in Wales should be around £100 million, meaning that Welsh universities are currently suffering a shortfall of £18 million. ⁱⁱⁱ This shortfall in funding from the previous Welsh Government budget has meant that there is a lack of funding for vital infrastructure leading to a lack of research and innovation grants coming to Wales. Therefore, low Welsh Government investment of QR funding in 2022-23 budget can serve as an explanation to the worsening economic outlook for 2023-24. Research plays a vital role in Wales's economy as recipients of research funding purchase goods and services in order to undertake their research. This generates activity in their supply chains and across the whole of the Welsh economy. ^{iv} If Welsh Government were to invest in infrastructure for universities, Wales would attract more external investment, create highly skilled employment, and support our economic recovery from the Covid-19 pandemic.

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

The fallout of the Covid-19 pandemic, Brexit and inflationary pressures has resulted in huge economic uncertainty for Wales. Welsh Government should therefore look toward new ways in which to support the Welsh economy. The Reid Review, a report commissioned in 2018 by the Welsh Government placed the highest priority on the role of QR funding to encourage research and innovation in Wales which in turn can build a stronger and more resilient economy.^v Professor Graeme Reid identified that Wales's low levels of un-hypothecated funding has been a

source of structural weakness for two decades and showed that low QR funding is reducing Wales's ability to win external funding. Secondly, research in Wales has historically relied on EU funding, and with UK Government funding not set to match EU funds, Wales's funding future remains uncertain, resulting in more uncertainty around the wider Welsh economy. BHF Cymru supports Professor Reid's conclusion that historic dependence on EU funding can be replaced with Welsh Government money, which will in turn, support success in UK-wide funding competitions and attract higher levels of business investment.^{vi} BHF Cymru recommends that the Welsh Government should commit to an £18 million uplift in quality related funding to achieve parity with other nations in the U.K. to address the current funding inequalities, allow research in Wales to drive a thriving economy and negate the economic pressures cause by Brexit.

7. 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?

7.2. How/whether the approach to preventative spending is represented in resource allocations (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early).

As outlined in BHF Cymru's *Funding Wales's Future* report, investing in research and innovation in Welsh Universities as a method of preventative spending is essential to avoid stagnation of the Welsh economy. Preventative spending in terms of committing to more investment of QR funding will result in the development of research and innovation in Welsh universities, allowing them to compete for funding streams from both public and private funders. Overall, such preventative spending on QR funding is an example of an innovative way to grow the Welsh economy. The Senedd Research Service produced a report in 2021 that outlined Wales's entrenched productivity problem; with research and innovation being a key driver of increasing productivity, an idea that was a theme in in the previous Welsh Government strategy for Government: *Prosperity for all: The National Strategy*.^{vii} By investing in research and innovation, the Welsh Government are investing in the creation of jobs in sectors such as education and health, preventing stagnation in the economy by driving productivity in essential sectors.

7.4. The sustainability of NHS, social care, further and higher education, local government and other public services more generally. 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.

BHF Cymru believe that the Welsh Government have an opportunity to provide better support to the public sector to enable innovation by implementing the recommendations from the 2018 Reid Review into research and innovation regarding an uplift in QR funding. Low investment into QR funding drastically inhibits Wales's ability to compete for external funding from charities and other sources ^{viii} meaning as a nation we are falling behind in terms of research and development. The Cross-Party Group (CPG) on Medical Research in the fifth Senedd found that researchers in Welsh Universities rely on QR funding from the Welsh Government to pay for things which other grants don't typically cover^{ix}. Lack of

support from the Welsh Government in relation to QR funding means that universities are less likely to be able to pay for costs such as utility bills, meaning that they are less likely to win the many competitive funding streams from both public and private funders.^x Welsh Government should address the research and development inequalities within Wales's higher education to allow for Wales to become more innovative and forward thinking. Welsh Government should provide QR funding that at least represents Wales's population share. Wales makes up around 5% of the UK population but has just 2% of the research and development spend in the UK. This includes all money spent of research and development (R&D) in Wales by charities, industry, Welsh Government, and the health service.^{xi} Spending on R&D in Wales is therefore half of what should be expected of a population Wales's size. The Reid Report also notes that for two decades, Wales has been awarded around 3% of competitive research funds whilst Scotland has won around 14% of such funds despite having a population share of 8.3%.^{xii} Ultimately, structural weakness in higher education infrastructure is a consequence of limited QR funding. This inhibits the ability to be innovative and forward looking and as Professor Reid notes, such funding is not available elsewhere, 'only Welsh Government can provide this underpinning resource: no alternative source of core funding for university research is available.'^{xiii}

7.7. Whether it is clear how evidence and data is driving Welsh Government priority setting and budget allocations.

Evidence and data are necessary tools when priority setting or allocating budget which is why the Welsh Government cannot ignore the evidence around OR funding and the positive impact it can have for the wider Welsh economy. In our report *Funding Wales's Future*, we make clear that charity-funded medical research provides benefits to patients but is also vital for the Welsh economy.^{xiv} Evidence and data from the Fraser of Allander Institute (FAI) at the University of Strathclyde demonstrated that every £1 million spent on medical research by charities likely has significantly larger benefits for the economy than the average investment in Wales. Each £1 million spent on medical research funding in Wales by charities supports £2.3 million output (the value of all goods and services produced) and £1.47 million GVA (gross value added is output minus the cost of goods and services used in production).^{xv} These figures, according to FAI, mean that the multipliers of medical research funding in Wales by charities are likely to be comparable to sectors with some of the highest GVA multipliers in Wales- making investment in attracting charity-funded medical research to Wales excellent value for money.^{xvi} This evidence should drive Welsh Government to commit to an uplift in QR spending as it will lead to universities winning more charity-funded medical research which both strengthens Welsh economy and supports jobs in skilled sectors such as education, research and development, health, and social work.^{xvii}

7.8. What are the key opportunities for Government investment to support 'building back better' (i.e. supporting an economy and public services that better deliver against the wellbeing goals in the Well-being of Future Generations Act)

The wellbeing goals set out in the Well-being of Future Generations Act highlights the need for 'a healthier Wales'. The Covid-19 pandemic has meant that the health and social care sector, including life-saving cardiology services, have been acutely impacted, making it even more difficult to deliver the wellbeing goals set by the Welsh Government. BHF Cymru

believes the Welsh Government now has an opportunity to ‘build back better’ for from the pandemic, ensuring an improved patient experience and improved cardiology service delivery. In order to achieve the priorities set out in the Welsh Government’s Quality Statement for Heart Conditions it is essential that cardiac services ‘build back better’ from the Covid-19 pandemic. To allow for the wellbeing goals to be realised, BHF Cymru recommends that Welsh Government must improve services from detection and prevention to rehabilitation. BHF Cymru therefore recommends improving detection and support to manage high-risk conditions which will support the people of Wales to live well for longer whilst removing pressure from the NHS. Secondly, through the All-Wales Cardiac Pathways, it is important to provide equitable care for patients across Wales and offer a ‘menu-based’ approach to cardiac rehab to allow for individuality of patient needs. Lastly, in order to build back better for cardiac services, it is crucial that Welsh Government work with the Heart Conditions Implementation Group and Health Education and Improvement Wales to address the gaps in the cardiac physiology workforce to improve diagnostic services to decrease waiting times for cardiac testing in Wales.

ⁱ HEFCW (2022). Funding allocation for academic year 2022/23 (pdf) https://www.hefcw.ac.uk/wp-content/uploads/2022/07/W22-27HE-HEFCWs-Funding-Allocations-for-Academic-Year-2022_23-English.pdf

ⁱⁱ Research England (2022). Funding budgets for 2022-23 to 2024-25 (pdf) <https://www.ukri.org/wp-content/uploads/2022/07/RE-140722-FundingBudgets-2022-25.pdf>

ⁱⁱⁱ BHF Cymru (2022) Funding Wales’s Future Report (pdf). [BHF Cymru Funding Wales's Future Report.pdf](#)

^{iv} Ibid

^v Professor Graeme Reid (2018). Review of Government Funded Research and Innovation in Wales (pdf). <https://gov.wales/sites/default/files/publications/2019-04/review-of-government-funded-research-and-innovation-reid-review.pdf>

^{vi} Ibid

^{vii} Senedd Research Service (2021). Research and Innovation in Wales. (pdf). <https://research.senedd.wales/media/qrobg4st/21-11-research-and-innovation-in-wales-2021-eng-web.pdf>

^{viii} BHF Cymru (2022) Funding Wales’s Future Report (pdf). [BHF Cymru Funding Wales's Future Report.pdf](#)

^{ix} Fifth Senedd Cross-Party Group on Medical Research (2021) <https://www.bhf.org.uk/what-we-do/in-your-area/wales/campaigning-and-influencing/the-cross-party-group-on-medical-research>

^x BHF Cymru (2022) Funding Wales’s Future Report (pdf) [BHF Cymru Funding Wales's Future Report.pdf](#)

^{xi} Ibid

^{xii} Professor Graeme Reid (2018). Review of Government Funded Research and Innovation in Wales (pdf). <https://gov.wales/sites/default/files/publications/2019-04/review-of-government-funded-research-and-innovation-reid-review.pdf>

^{xiii} Ibid.

^{xiv} BHF Cymru (2022) Funding Wales’s Future Report (pdf)

^{xv} Fraser of Allander Institute (2022). The contribution of medical research by charities to the Welsh economy. (website) <https://fraserofallander.org/publications/the-contribution-of-medical-research-by-charities-to-the-welsh-economy/>

^{xvi} Ibid

^{xvii} Ibid