



Peredur Owen Griffiths MS  
Chair  
Finance Committee

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24 March 2023

Dear Peredur,

With reference to the following question, which you raised with the Minister for Finance and Local Government at the Finance Committee scrutiny of the Second Supplementary budget for 22-23 on March 1<sup>st</sup> 2023:

***What the Welsh Government's additional funding into the NHS has actually achieved and how are you monitoring your expectations of that spend?***

As the I believe the Minister for Finance and Local Government responded in Committee, the additional funding provided in year was detailed in the supplementary budget.

The Health & Social Services MEG received additional funding from Welsh Government reserves of £290m:

- £170.000m additional funding for NHS Covid and Energy pressures; and
- £120.000m for additional NHS pay funding for 2022-23.

The additional £170m at second supplementary budget has been allocated as follows:

- £89m for the ongoing costs related to the NHS Covid-19 response, and;
- £81m for exceptional additional energy costs which the NHS faced in 22-23

These costs have been scrutinised as part of our financial monitoring arrangements throughout the year.

In relation to the additional budget of £120m for an increased pay award for NHS staff; this has been fully allocated to cover the expected costs for both the one off additional 1.5% pay award in 22-23 and the consolidated element which was also agreed at 1.5%.

## Recovery funding

Our original, planned investment on 'Recovery' of £170m this financial year is aimed at both reducing waiting times and delivering transformation. This investment was part of our original budget and the allocations at the start of the year to LHB's.

While reduction of waits is a priority for this funding, we are also clear we need to deliver transformation to build a more sustainable service model. Additional work on pathway management has seen Wales start to stabilise and reduce the total number of pathways waiting. **Welsh Waiting lists have gone down for the third successive month in December 2022.** This trend is not seen in England with waiting times in England for December showing an increase after their small decrease in November. As of **December 2022**, the total number of open pathways in England had increased by **21% (1.13 million)** over the last 12 months, whilst the number in Wales has increased by just **7% (49,907)** during the same period.

The waiting times targets we have set are a challenge, but it was right to set them to drive the improvements that were needed. In Wales we committed to prioritise early review and diagnostic as a recovery priority, this was not a target in England. While the December target was not met, we continue to focus on this target and have indicated a revised end date of zero over 52 week outpatients waits by the end of June 2023.

While it is disappointing that the NHS has not been able to deliver the initial target, significant progress has been made in reducing long waits however this has had to be balanced with providing sufficient capacity for urgent cases.

- Waits for outpatients over 52 weeks was as high as 102,662 in August 2022, the December position of 74,976 is a reduction of over 27,600 just under 27% improvement. In December 2022 just under 9 out of 10 outpatient waits over 52 weeks were across just seven specialities with a large number of speciality areas at zero or under 50 pathways waiting.
- Cancer referrals for suspected cancer as predicted have increased coming out of the pandemic. Until they have been reviewed, they are all clinically prioritised with shorter waits particularly in outpatients each month. We have seen the number of downgraded suspected cancer pathways increase in 2022, in December 2022 this increased by 5% compared to December 2021.
- The activity for new outpatient appointments, face-to face and virtual has increased in some areas above pre covid levels, but as indicated this is balanced between clinical urgency and long waiters, where urgency has increased this reduces availability for routine long waiters.

## Monitoring and delivery on the additional NHS investment in 2022-23;

The NHS Finance Delivery Unit undertook an assessment on the use of the £170m recurrent Recovery funding to demonstrate how it has been used. Organisations focused the resources largely in the following areas:

- Maximizing internal capacity
- Bringing infrastructure on site – Theatres
- Additional capacity with private sector
- Diagnostics
- Improvements in urgent care pathways to reduce the possibility of cancellations.

- Key headlines from the specialty data summary received by the FDU include as examples:
  - Ophthalmology £18m, activity 39,945
  - Orthopaedics £13m, activity 18,519
  - Planned Care / Various /Multiple specialties accounts for c. £42m
  - Unscheduled Care/Urgent Care/Medicine £22m
- Our NHS recovery plan is also focused on transformation and pathway redesign. The recovery plan sought to not only address the backlog but also to reset and transform services. The transformation is supported by an additional £15m of recurrent funding. Each programme of work, from national, to local health board programmes, are supported by a monitoring tool to demonstrate value for money and their impact. Funding has been released in two waves subject to progress against agreed deliverables being met. Some are still in the early stage and full impact may take longer to fully see their long term impact.
- Pathway redesign: in three of the high-volume surgical pathways, we have seen overall referrals into secondary care services reduce compared to pre covid. (December to November 2018/19 compared to December to November 2021/22). *This is not a reduction in demand, but a change in the management of the demand.*
  - ENT has reduced by 16.8%,
  - Orthopaedics have reduced by 22%,
  - Ophthalmology have reduced by 1.6%

These are high volume areas where demand has continued to increase but how we manage the demand has changed.

New ways of working to ensure people are reviewed and managed appropriately, close to home where possible-

- Special advice and guidance (consultant Connect across each health board area)- allowing for either local or national clinical guidance on the day on how best to manage a patients care (national procurement contract).
- Electronic advice: Sometimes primary care clinicians want specific advice on how to manage a patient, rather than initiate a direct referral for secondary care, e-advice allows GPs to seek clinical guidance through a secure electronic link to specialist care, this has found it can reduce the need for a referral.
- Pathway redesign: ensuring appropriate tests or alternative pathways are considered enables to ensure value added care and appropriate use of resources. For ENT an example is more audiology in primary care. For orthopaedics more alternative therapy services available to manage patient needs. In ophthalmology more contracts and pathways being led by primary care optometry, *(procurement of a national tool to support national and local pathway redesign, to commence 2023/24, procurement process 2023.)*

- Alternative to the traditional models of care: During Covid virtual reviews were undertaken across both primary and secondary care. While this may have reduced as Covid restrictions have been lifted it is still seen as an important part of recovery and is being continued across a wide variety of services. This includes both individual and group consultations. Patient initiated follow-up (PIFU) and see on symptoms (SOS) have been introduced across all health boards with pathways across a wide range of specialities. This has then been used to increase new outpatient capacity while safely managing patient follow-up care. In the first 6 months over 98,000 outpatient follow-up pathways were changed to either PIFY or SOS.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'M. E. Morgan'.

**Eluned Morgan AS/MS**

Y Gweinidog Iechyd a Gwasanaethau Cymdeithasol  
Minister for Health and Social Services