

Welsh Government's evidence to inform the scrutiny of the Draft Budget 2024-25 by Health & Social Care Committee

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Prioritisation

Question 1

Details of the approach taken by Welsh Government to prioritise areas of spending – across the whole budget and within health and social care, and to ‘target resources towards those at greatest need’ (in light of the ‘significant budgetary pressures’ announced by the Welsh Government in August 2023).

Response:

Since setting the spending plans in the Draft Budget for 2023-24, we have experienced record prolonged levels of high inflation along with continued challenges in the fiscal context, particularly in areas such as public sector pay. In addition, the cost-of-living crisis has increased the pressure on all public services.

As a result, overall, we are having to spend more than previously planned in 2023-24, placing unprecedented pressure on the devolved Welsh Budget. The First Minister published a written statement on 9 August 2023, where he indicated that work would take place over the summer months to address the impact of our budget being worth around £900m less than when it was set in 2021.

In order to deal with the pressures facing public services in Wales this year, particularly the NHS and rail services, Ministers took decisions to reprioritise funding to these spending areas. We have taken prudent action by revisiting spending plans for 2023-24, to enable us to balance our duty of robust fiscal management and this government’s commitment to continue to protect core public services and target support to those with the greatest need.

We made these difficult choices as early as we could in 2023-24 in order to prevent even more difficult decisions in the 2024-25 Draft Budget.

For the Health & Social Services MEG, this meant an additional revenue allocation of £425m as well as a significant reallocation of funding within the MEG in order to support the NHS. The NHS were also issued with target controls totals for their forecast deficit and tasked with taking actions to reduce their forecast spend by 10%, circa £64m.

The financial challenge for the NHS, common to all areas of the UK, relates to a number of significant factors:

- the challenge in managing higher costs post-pandemic, where new services now exist, and levels of staffing and capacity have increased.
- inflationary pressures across all areas, which are outside of health board control – for example, pay and non-pay inflation, including the costs of medicines and increasing costs of packages of care.
- increasing demand on services.

For the Draft Budget for 2024-25, the 2023-24 in-year budget position was made recurrent, increasing the indicative revenue position by £207m and effectively rebasing the Health and Social Services (HSS) MEG budget. Through the budget process a further £450m was allocated to the MEG, recognising that significant inflation and demand pressures will continue to be faced by the NHS in 2024-25. Even with this significant allocation of additional funding to support inflation and demand pressures, along with the actions to reduce forecast costs, this will still mean savings delivery in line with 2023-24 levels will be required. Further difficult choices will therefore be required in-year and next year for both the Health and Social Services MEG and the NHS to manage within the budgets set out.

The local government Revenue Support Grant (RSG) provides core funding for local authorities through the local government settlement.

Local authorities deliver a wide range of public services, often to the most vulnerable in our society or those who are economically disadvantaged. These include significant services for children, through education and social services, and a wide range of services for adults who may be facing challenges in their everyday lives, through social services, housing support and other community services. Sixty-six per cent of local authority resources are directed to education and social services.

Recognising the need to protect these important services provided by local authorities, the level of funding through the RSG was not impacted and remained as

set out in the original spending plans in 2023-24.

Further information on the decisions taken in 2023-24 can be found in the [Strategic Integrated Impact Assessment document](#).

In reshaping the budget in the HSS MEG for 2024-25, we have reprioritised budget from across the MEG to support frontline services in the NHS (in BEL 20). We will issue the NHS with a revised allocation incorporating the changes for 2023-24 and allocating a new uplift for 2024-25 in recognition of the inescapable pressures from inflation and demand.

We are able to maintain the £170m funding we allocated to support the recovery of planned care, and this will be recurrent for 2024-25 and fully ringfenced within the main NHS allocation.

As part of the rebasing of our budget we were not able to maintain the proposed increases in budget for 2024-25 for Mental Health, Social Care and Children and Early Years. Further information is provided later in this response on these decisions.

We have reviewed the ongoing investment in Covid response areas and have been able to reduce that funding in line with current expenditure forecasts and re-direct that funding towards frontline NHS costs. We also plan to baseline this allocation into the main NHS allocation on a recurrent basis, giving NHS organisations the assurance to effectively plan for the needs of their population in areas such as vaccination.

We have carefully reviewed the funding to support the NHS Education and Training commissioning plan for 2024-25 and will be maintaining the funding level at the level set in 2023-24. This will sustain the largest ever investment in workforce training for the NHS. We will also continue to maintain our commitment to establish a new medical school in North Wales as well the commitments under the co-operation agreement with Plaid Cymru for the Sanctuary model in mental health, the expansion of early years provision for all 2-year-olds across Wales and eliminating private profit from the looked after children care sector.

Also included in our budget for 2024-25 is a £20m increase in non-cash funding, covering such items as depreciation costs.

The HSS capital budget for 2024-25 remains at £399m as per the indicative position published last year. This includes an increase in funding for the Social Care Capital Fund for 2024-25.

The increase in the Annually Managed Expenditure (AME) budget relates to the latest assessment of budget cover needed for such things as expected movements in impairments and provisions, mainly in the NHS.

It is worth noting that the Draft budget table for 2024-25 contains a relatively high number of budget movements within the MEG. These are not part of the budget reprioritisation exercise and simply reflect the process of maintaining our budgets and making sure funding is in the correct place.

Waiting times

Question 2

Allocations to recover the waiting times backlog and provide treatments delayed by the pandemic.

Response:

We continue to support the annual additional investment of £170m to NHS Wales to support the national commitment to reduce delays in treatment.

Since the Planned Care Recovery Plan was issued in April 2022, and the additional investment has been provided, we have seen consecutive monthly reductions in the number of open pathways waiting over 104 weeks.

- The total number of open pathways waiting over 104 weeks was 26,439 at the end of September, down 18 months in a row and the lowest since August 2021. This was 62.5% lower than the high of March 2022.

- At the end of September 2023, there were 17 specialities with open pathways over 104 weeks; an additional 13 specialities have been cleared of long waits since September 2022.

In 2023-24, we held £50m of the annual allocation (£170m) to target a more regional approach to delivery, this has helped to ensure targeting of areas for more longer-term delivery models in regard to regional working.

- For South West Wales - the allocation was targeted at regional orthopaedics with developments at Neath Port Talbot which is open to regional high volume low acuity treatments. Investment has also been targeted at diagnostics in particular endoscopy plans. There is also regional working in ophthalmology across the two health boards for more efficient cataract surgery.
- For South East Wales - the allocation is targeted at regional ophthalmology, and diagnostics, in support of the future Llantrisant development.
- North Wales - targeting regional orthopaedics, and additional capacity to manage areas of fragility.

This allocation has been allocated on a recurrent ring-fenced basis within the NHS allocation, resulting in the full £170m being allocated to Health Boards on a recurrent ring-fenced basis.

Mental health

Question 3

A breakdown of allocations to improve mental health and wellbeing in Wales, including allocations to:

- support implementation of the Welsh Government's new mental health strategy;
- improve access to mental health services and outcomes for both adults and children and young people;
- implement the Committee's recommendations on tackling mental health

inequalities.

Response:

We will continue to ringfence mental health funding for the NHS and the draft budget includes £800m for this. This includes an uplift for inflationary and demand pressures for 2024-25 of £25m.

We are also investing £2.2m annually in the NHS Executive to develop a Strategic Programme for Mental Health and a Patient Safety Programme. This will provide dedicated resource to NHS Wales to drive improvements in performance, quality and safety.

We will be publishing our draft mental health strategy early in the new year, the timing of which will enable us to have greater clarity on our 2024-25 budgets. This short delay is providing us with an opportunity to reflect on new commitments, cross-Government and multi-sectoral commitments that underpin our strategies to ensure they remain deliverable in the challenging financial circumstances.

The draft strategy is based around a number of principles which include equity of access, experience and outcomes, and person-centred care and has been informed by the Committees recommendations.

We have developed the strategy with the understanding that there will need to be a way of setting priorities, ensuring best use of existing resources and an opportunity to be clear about what can realistically be delivered. This has included consideration of improving access to mental health services and the Committee's recommendations on tackling mental health inequalities. Our first annual update against the committee report will be submitted to the Committee in January.

The published strategy will be accompanied by a costed delivery plan, which over the life of the strategy will be renewed and refreshed. This will provide the opportunity to identify new investments should the economic position change.

In this period of financial constraint, we have worked hard to support continued investment in mental health, and we continue to prioritise mental health as an area that requires this investment.

Workforce

Question 4

Allocations to support implementation of the 10-year strategy for the health and social care workforce and the national workforce implementation plan, including specific reference to retention and improvement of staff wellbeing.

Response:

Despite the difficult financial climate, we continue to invest in the sustainability of our NHS workforce. The Welsh Government has, and will continue, to invest in the workforce required to support our health system in Wales. £281.98 million was invested in 2023-24 and we will maintain this level for 2024-25. This will support education and training programmes for healthcare professionals in Wales.

This continues to be a record level of funding and will support the highest ever number of training opportunities in Wales. The Welsh Government is committed to providing the NHS the workforce it needs to meet ever increasing demand. We are achieving this through increase training places, encouraging young people to take up health professions and recruiting outside Wales when necessary.

Despite the difficult financial climate, we have continued to invest in the sustainability of our NHS workforce.

We provide core funding to Health Education and Improvement Wales (HEIW), our statutory workforce body, to deliver on key priorities such as improving staff retention and taking positive actions to improve staff wellbeing. For example, HEIW have this year delivered the Nurse Retention Plan and the first iteration of a new annual staff survey, the results of which will allow us to gain an overall assessment of the areas that require improvement and ultimately provide the necessary learning to improve staff health and wellbeing.

HEIW also utilise their core funding to continue to deliver on the Workforce Strategy for Health and Social Care and their assigned actions in the National Workforce Implementation Plan.

Primary care

Question 5

How the budget will support delivery of the Welsh Government's commitment to reform primary care, and the shift of more care out of hospitals into primary care/community settings.

Response:

The majority of funding allocated to health boards to provide health services is not hypothecated. It is, therefore, neither practical nor meaningful to singly use core budgets as a way to measure the shift of care out of hospitals towards prevention and community-based care in line with the vision in [A Healthier Wales](#). Nevertheless, the funding and workforce resources associated with services shifting into the community are expected to follow the service.

In addition to the significant core funding which makes up the majority of health board budgets, the Welsh Government's 2024-25 health and social care draft budget includes the following funding for building community capacity and more preventative and integrated service delivery models, making effective use of available resources, skills and digital technology:

- £20m – for clusters to decide how to invest to meet local priorities;
- £146.7m – Regional Integration Fund to develop community capacity;
- £11.95m – anticipatory care plans for people most at risk of urgent care and increased weekend community nursing capacity;
- £5m – increased community based allied health professional capacity.
- Over £55m investment to date, in developing integrated health and care community hubs through the Integration and Rebalancing Capital Fund (IRCF).

The main mechanism the Welsh Government uses to guide health boards and their partners in the use of their funding allocations is the annual NHS Planning Framework, which sets national priorities.

Planning priorities for 2024-25 include the building of capacity and integration of community-based care to improve access to coordinated care from the most

suitable health and care professional close to home.

We have and will continue to work with NHS colleagues to reform the national contracts for the four primary care services to meet the majority of people's health and care needs as part of an integrated community health and social care system.

Service transformation

Question 6

How this budget will balance the need to meet immediate/short-term pressures (e.g. the waiting times backlog, workforce shortages) with longer-term service transformation.

Response:

In developing the budget approach for the HSS MEG for 2024-25, careful consideration has been given to balancing the need to recognise unavoidable inflation and demand pressure, deliver improvements in short-term priorities and continue to support longer-term service transformation.

To illustrate, from a planned care perspective, there is a £15m planned care transformation budget to support local and national transformation projects.

£2 million of the budget is used to staff the Planned Care Programme and clinical leads, who are responsible for developing the transformation projects and driving their implementation within the NHS organisations, reflecting national policy and guidance.

The funding for 2024-25 has broadly been divided into four areas:

1. Outpatient transformation central support - designed to develop capacity within the outpatient teams to drive transformation, including support to embed new ways of working.
2. Outpatient transformation projects - supporting the implementation of innovative approaches and initiatives that contribute towards sustainable transformation, such as alternative to outpatient follow-up through 'see on symptom', patient-initiated follow-up and looking at straight-to-test pathways.

3. Eye Care recovery - supporting the implementation of both recovery activity and innovative approaches and initiatives specific for eye care, linking with primary care optometry in support of the new contract arrangements.
4. National programmes include the implementation of the prostate cancer supported self-management programme, teledermoscopy programme (dermatology), specialist advice and guidance, clinical leads and the orthopaedic network programme team.

New for 2023-24 was the introduction of the Healthcare Pathway alliance between primary and secondary care referrals, and more focused review of best practice through Getting it Right First Time (GIRFT) reviews in urology, gynaecology and ophthalmology. Orthopaedics has previously been carried out in 2022-23.

GIRFT is also supporting the national theatre optimisation programme, building on the work undertaken at Betsi Cadwaladr University Health board and Cwm Taf Morgannwg University Health board.

This transformation funding is in addition to the £170m ring-fenced funding for planned care, which is focussed on ensuring continued improvement in planned care performance and reducing long waits for treatment.

Prevention

Question 7

Whether the budget demonstrates a greater focus on prevention i.e. by showing a clear shift of resources towards prevention/early intervention. (The Welsh NHS Confederation, for example, says that without this shift the NHS is not sustainable)

Response:

The Welsh Government continues to focus on embedding a shift towards prevention and early intervention, as outlined in *A Healthier Wales*.

It remains the case that prevention is fundamental to a wide range of activity across health and social care and NHS Wales, supporting people in Wales to live longer,

healthier lives.

As noted previously, the majority of funding allocated to health boards to provide health services is not hypothecated. It is, therefore, neither practical nor meaningful to singly use core budgets as a way to measure the shift to prevention and early intervention.

We are nevertheless able to highlight specific funding streams aimed at prevention, including funding through our [Healthy Weight Healthy Wales](#) strategy, our Prevention and Early Years funding as well as activity that is preventative by its nature, such as vaccination and screening. The responses to Question 5 above, illustrates the investment in primary care, which is also a demonstration of the shift to early intervention.

We have maintained the highly valued £146.7m Regional Integration Fund which is helping health, social care and the third sector to work together to develop integrated models of care that will help people to look after their own health and wellbeing, live well at home, prevent the need for conveyance or admission to hospital and help them return home quickly if they have needed secondary care.

The Planning Framework issued to Health Boards in December 2023 iterates the need for a renewed focus on prevention, and there are specific actions in the objectives of health board chairs looking at smoking in pregnancy and on increasing the capacity of weight management services across Wales. The planning framework also outlines our desire to see a greater shift of funding into primary and community care.

Public Health Wales (PHW) will receive funding of over £150m in 2024-25. By the nature of the majority of the work undertaken by PHW, this investment is focused on prevention, whether that be through screening programmes or our work to encourage healthy behaviour change in the population, through activity such as continuing to support people to be of a healthy weight or to stop smoking.

Delivery of the National Immunisation Framework is a key element of our prevention work to protect our population. Funding for vaccination under the national Covid response has been baselined as recurrent discretionary allocation to health boards. This will provide a more sustainable approach to delivering our spring and winter programmes alongside other significant vaccination developments during 2024.

We continue to invest in our *Healthy Weight Healthy Wales* strategy to tackle overweight and obesity, with £2.9m allocated to support health boards to continue to develop and roll out their weight management pathways, and £4.042m allocated to support other activities, such as our Children and Family pilots and systems work across all health board areas.

We will be publishing our draft mental health strategy early in the new year, the timing of which will enable us to have greater clarity on our 2024-25 budgets. The new strategy includes taking action to protect and promote people's mental wellbeing. This will help protect against mental health conditions and help people to cope better when they experience symptoms or have a diagnosis.

We launched our Programme for Government commitment to develop a National Framework for Social Prescribing (NFfSP) at an online event on 7 December 2023.

One of the principles of social prescribing is taking an early preventative approach to enhancing people's health and wellbeing, with evidence showing it could help ease the burden on more front-line, specialist services.

The NFfSP aims to develop a shared understanding of the language used and the approach taken to social prescribing in Wales; support social prescribing practitioners and drive-up skills; set out the outcomes expected from a user, organisation, commissioner, and referrer perspective; and ensure a quality of provision by community assets. It will also monitor and evaluate the development of social prescribing as it continues to grow across Wales.

Estates and infrastructure

Question 8

Capital and revenue allocations to develop, improve, and maintain NHS estates and infrastructure, including digital infrastructure.

Response:

We are continuing to invest significant sums in the NHS estate across Wales. Whilst there are obvious challenges to the estate posed by an ageing building stock, NHS organisations are actively developing an assessment of prioritised funding requests to the Welsh Government.

Maintaining the existing estate continues to require significant investment with £83m made available to NHS organisations as discretionary capital to support the day to day running of the buildings. Further supporting the provision of a safe and compliant estate, £20m has been made available to support prioritised investment across the following:

- Main site infrastructure
- Fire
- Decarbonisation

The largest investments being supported in 2024-25 remain the refurbishment of Prince Charles Hospital in Merthyr Tydfil (a £220m scheme) which will see the transformation of the site going forward with works due to complete in 2026.

2024-25 will see the completion of the orthopaedic hub development at Llandudno Hospital. This will provide benefits for patients, staff and the wider North Wales community by delivering a planned 1,900 procedures a year. Work is scheduled to start in February 2024 with the expectation that the hub will be operating at full capacity in early 2025.

The development of the Radiotherapy Satellite Unit at Nevill Hall hospital is continuing at pace – the construction of which is due to be completed early 2025. This significant development will bring oncology services much closer to the residents of East Wales.

The presence of Reinforced Autoclaved Aerated Concrete (RAAC) is requiring continued investment across two main sites in NHS Wales – Witybush and Nevill Hall. These essentially unplanned works demonstrate some of the challenges of dealing with the ageing estate.

Digital, technology and Innovation

The Digital Priorities Investment Fund (DPIF) is used to fund strategic digital transformation opportunities in NHS Wales, and it is intended to support the delivery of NHS Wales' service change priorities through accelerating the delivery of informatics improvements. In delivering this, work needs to align to one of five themes:

- Transforming digital services for patients and public
- Transforming digital services for professionals
- Investing in data and intelligent information
- Modernising devices and moving to cloud services
- Cyber-security and resilience

These themes are aligned with the headline missions set out in the [Digital and Data Strategy for Health and Social Care in Wales](#). The Strategy builds on the strategic direction set out in our 2015 strategy which has been a key enabler of *A Healthier Wales*.

As an example of work in 2023, Welsh Government, with key partners in NHS Wales, has:

- Launched the NHS Wales App, which has been rolled out to over 200 GP practices as of the end of November with planned complete rollout by the end of March 2024.
- Funded the Programme for Government commitment to introduce a joined up electronic prescribing service across Wales that cuts across health settings.

The launch of the Electronic Prescription Service, integrated between primary and secondary care, saving considerable time for prescribers in both primary and secondary care.

- Continued delivery of the NHS Wales Cyber Resilience Unit as part of Digital Health and Care Wales.
- Funded the All-Wales Infrastructure Programme (focused on the delivery of a single identity management solution across all NHS Wales organisations).
- Funded a £6m Capital investment in Cyber security devices and infrastructure across the NHS Wales estate.
- Launched the Welsh Nursing Care Record to all adults' in-patient wards across Wales, with paediatric wards expected to be rolled out in 2024-25.
- Continued delivery of the National Data Resource (NDR) which came into live service on 1 August 2023. It aims to make it easier to join up Health and Social Care data from various sources. This will improve the ability to share, link and use data. The first data pipelines are currently being built to support the shared medicines record by end of March 2024 and delivery on a range of infrastructure and data support items will continue into 2024-25.

The DPIF fund has been reprioritized to focus on essential delivery of transformative digital services. The DPIF budget for 2024-25 is £20m for Capital and £43m for Revenue. This funding will see continued investment in a range of digital infrastructure and data improvements. This includes the continued standardisation of the Welsh Patient Administration System, continued rollout of the award-winning Welsh Nursing Care Record service into paediatric settings, digital ICU in critical care settings, digitising the eyecare referral process, funding for the National Strategic Technology Enabled Care programme and looking at how care can be delivered closer to home.

DPIF will continue to develop the NHS Wales App, transitioning to a continuous development service post-rollout in March 2024, it will also progress the procurement and implementation of an all-Wales Digital Maternity system as well as funding to continue the implementation and adoption of the NDR.

In 2024-25 DPIF will continue funding a combined £16m capital and £1.7m revenue for the essential, at-pace replacement of the Radiology Information System, and Laboratory Information Management System, with a modern service.

DPIF will also continue to fund the Programme for Government commitment to introduce a joined up electronic prescribing service across Wales that cuts across health settings. £5 million capital and £17m revenue funding across Digital Medicines funding streams including the Electronic Prescription Service in primary care, ePMA in secondary care across all seven health boards plus Velindre, the introduction of the Shared Medicines Record, and additional supplementary work.

Additional funding has been allocated centrally for digital programmes and initiatives, which could be used to support *A Healthier Wales* and recovery programmes.

Strengthened national governance is now in place and will be used to ensure these diverse funding streams and DPIF are used to ensure alignment and coordination of investments to deliver and to optimize our return on investments.

As part of the reprioritisation of funding within the HSS MEG, we have reduced our contribution to the work on Digital Inclusion, through the Digital Communities Wales programme, in the Social Justice MEG. Since 2019 the Social Justice and Health MEGs have invested £9.5m in digital inclusion services through the Digital Communities Wales programme. Tackling digital inequalities remains a key commitment and have therefore protected the budget as far as possible. The ongoing investment will focus on maintaining the Digital Communities Wales programme whilst acknowledging that overall activity, outputs, and outcomes will be impacted by the budget reduction. The team will also seek to link up and work with other organisations focussing on digital inclusion and to continue to identify barriers to digital inclusion via stakeholder engagement work.

Separately, the revised £13m Innovation and Technology Programme (ITP) budget for 2024-25 will continue to support a national level profile for innovation across Wales. Our continued commitment to supporting transformational innovation in health and social care delivers continuous improvement in service delivery, financial

prudence, and economic efficiencies which in turn, delivers the strategic change required to improve population health outcomes.

Many of the projects and platforms the funding supports levers significant collaboration and part funding from academia, the public sector and industry. The ITP programme also supports many direct and indirect jobs across the sector, and we have looked to avoid the need for job losses across our funded programmes yet still delivering savings for 2024-25.

We have continued to support investment in the professional development of future senior leaders across health and social services, delivered by the Intensive Learning Academies (ILAs). To avoid significant financial pressures on these successful innovation projects and organisations, we have identified savings by prudent investment in the support of new projects and initiatives in the delivery of Wales Innovates and ensured smarter collaboration and the maximizing of co-production across the existing programmes.

Health inequalities

Question 9

Evidence of a cross-government approach to tackling inequalities and the wider determinants of health, and that 'population health' is a consideration across government department budgets.

Response:

Tackling inequality in all its forms is a 'golden thread' that runs through our Programme for Government. Tackling inequalities in health in its broadest sense means looking not just at healthcare, but at the wider determinants of health, that often lie outside of the NHS. These are areas such as housing, employment, and education. In all of these areas, population health is a key consideration as to the impact and outcomes. This can be seen in the introduction of the Health and Wellbeing Area of Learning Experience as part of the new Curriculum for Wales, the continued investment in our programmes supporting employment and in the engagement with officials in the reform of homelessness legislation.

£10 million of funding will continue to deliver Out of Work peer mentoring support to people recovering from substance misuse and/or mental ill-health back towards education and employment and separately In-Work Support to people absent from work or at risk of becoming absent due to their physical or mental ill-health.

The implementation of the Health and Social Care (Quality and Engagement) (Wales) Act 2020 places a Duty of Quality on Welsh Ministers and NHS bodies to provide a focus on improving the quality of health services and equitable population health outcomes on an ongoing basis. The development of Quality Statements in service-specific areas will help health boards to plan services and make resourcing decisions to ensure quality services are delivered across the whole population.

The Welsh Government will shortly be consulting on a set of draft regulations to mandate the use of Health Impact Assessments in specified circumstances. These regulations will promote a broader consideration of socio-economic factors, so that positive health impacts can be maximised, and potential negative effects eliminated, reduced, or mitigated. They will go some way to ensuring that public bodies consider the impacts of their decisions on the mental and physical health of their population and support a reduction in health inequalities. There is no budget allocated to this activity.

The Welsh Government has placed a strong emphasis on equity and inclusion in health and care. This means ensuring that everyone in Wales has access to the same high-quality healthcare, regardless of their background or circumstances. A *Healthier Wales* - our long-term plan for health and social care - has addressing health inequalities as a core theme running throughout. Part of our work includes the establishment of an NHS Health Inequalities Group, which is co-chaired by Welsh Government and NHS Wales, to focus and drive efforts towards tackling health inequalities through the lens of the NHS.

Question 10

How the impact of funding allocations on different groups/communities has been taken into account during the development of the budget proposals.

Response:

We expect the financial outlook for the NHS, next year, to be one of the most challenging we have ever faced.

We have considered the potential impact and have reprioritised across the MEG, this exercise will help to mitigate the more serious impacts on frontline services, patient care, access and performance targets. We aim to offset the most severe impacts across all parts of Wales and provide protection for the most vulnerable, including children, disabled, older and vulnerable people.

While we have redirected funding from across the Welsh Government, this still means health boards will face some challenging decisions to manage within their individual budgets. All decisions by Health Boards will be subject to quality impact assessments, balance of risk judgements and potential consultations, if decisions impact on service change. Each health board faces different challenges in terms of population need and the configuration of services; the actions taken to manage any cost pressures will vary according to organisation and will be subject to local determination.

In prioritising funding to the NHS, we have reviewed all centrally held budgets in Health & Social Services and redirected funding from a number of areas. Some examples are:

Integrated Community Services

We have maintained funding through the £146.7m Regional Integration Fund which is developing preventative and capacity building models of care specifically for the following key population groups;

- Older people with complex needs.
- Children with complex needs.
- Unpaid Carers.

- People with learning disabilities and neurodivergence.
- People with poor mental and emotional health.

Mental Health

We will continue to protect the mental health NHS ringfence, which provides core support to mental health services across Wales, including to some of the most vulnerable people in society. We cannot increase additional funding in 2024-25, as originally planned, by £15m, and have also reduced the existing mental health central budget by a further £6m.

As mentioned in Question 3, we will be publishing our draft mental health strategy early in the new year which will outline our priorities for spend. The draft strategy is based around a number of principles which include equity of access, experience and outcomes, and person-centred care. It has been informed by the Committee's recommendations on tackling mental health inequalities. As part of the strategy development, we have considered the impact of the actions on different groups/communities, and this is captured within the relevant impact assessments. These draft impact assessments will also be subject consultation as they will be published alongside the draft strategy.

Prehabilitation

A planned £3m increased investment targeted specifically at those on waiting lists who could benefit from extra support to improve their general health and wellbeing won't go ahead. Health Boards are nevertheless investing in these approaches from their core budgets, and we have developed a digital offer which will be rolled out within existing resources. We continue to invest in weight management services through health boards and our national help me quit stop smoking service.

Health Protection

We are reprioritising £22m of funding within our health protection budgets, which supports a wide range of measures aimed at protecting the public from potential health threats. By re-prioritising we will strengthen delivery in some targeted areas,

including emergency planning, antimicrobial resistance (AMR) and delivery of the HIV action plan and allocate funding directly to the NHS to support front line health protection services from the national Covid response.

Social Care

We have reprioritised £10.5m from the Social Care Workforce Grant. To ensure continued delivery of existing activity, including protecting spend on eliminating profit within the care of looked-after children, we are reviewing planned activity and exploring efficiencies and rescoping activity until 2025-26. We are also protecting the core local government settlement, which funds social care.

We have reviewed funding from our Invest to Save budgets including funding for looked-after children. We will continue to support the schemes we have already committed to in 2024-25, totalling £3.8m but we will not be able to take forward further planned schemes.

The Social Care Reform Fund will not receive the original planned £5m uplift. Officials are working to protect spend which relates to services to avoid or minimize potential impact in terms of reduced services, potential staff reductions and avoid the need to reduce support already offered either formally or indicatively, thereby avoiding or minimising impacts on local authorities and social care partners which could affect disabled people, the elderly and the most vulnerable members of society.

An example of taking account of the impact of funding allocations on different groups would be continuing to provide additional funding (£3.5m 2024-25) for unpaid carers to take a break from their caring role and £1.75m in 2024-25 to receive small grants for essential help, thereby sustaining caring arrangements for people within their home and reducing demand on NHS and residential care.

Childcare Offer

The Childcare Offer supports parental employment. Parents surveyed reported a range of positive impacts from accessing the Offer:

- 75 per cent of parents reported that the Offer had made it easier for them to undertake their work;
- 37 per cent of parents reported that they would be working fewer hours had the Offer not been available to them – this impact was greater for parents earning under £26,000 per year (42 per cent reported that they would be working fewer hours without the Offer);
- 10 per cent of parents said they would be in a job with fewer career progression opportunities, and a further 10 per cent said they would not be working at all if the Offer had not been available to them.

The Childcare Offer for Wales is demand led and there is £2.5m allocated as an Additional Support Grant. Reductions in the budget for 2024-25 have been made modelled on take up in 2023-24. Given the demand-led nature of the programme, additional budget will be allocated if necessary.

Baby Bundles

The Bwndel Babi Programme intended to offer support to approximately 26,000 new and expectant parents. With reduced budget, the Programme will need to be targeted on a smaller geographical basis such as Flying Start and/or Bwndel contents removed to reduce costs. If delivered within Flying Start areas, approximately 8,000 new and expectant parents could be supported.

The reduction in budget will mean that some families at risk of or experiencing poverty living outside of the targeted area will not benefit from the support offered through the Programme.

Assessing impact/value for money

Question 11

The mechanisms in place (within the health and care system and at Welsh Government level) to assess whether spending by health boards/trusts and local authorities is achieving its aims and delivering value for money. What/where does the Welsh Government consider are the main challenges in assessing outcomes/value for money.

Response:

NHS

The NHS has long standing processes which report on performance and financial monitoring. The Welsh Government HSS Finance team receive and scrutinise the financial reporting information on a monthly and annual basis.

We also have the Financial Planning and Delivery team within the NHS Executive who work between the NHS and Government to ensure financial sustainability and delivery in the NHS, alongside maximising the impact and use of health and social care spending in Wales. It also supports the pursuit of an integrated quality and safety agenda, focusing on how the NHS uses its resources and the outcomes it achieves to identify opportunities for improvement.

As part of the System Enhanced Monitoring and Recovery Framework, the Utilisation of Resources Group was reframed in August 2023 as the NHS Wales Value and Sustainability Board, which meets monthly. The Board will drive a systematic approach to strengthen cross system working, to deliver actions for financial improvement and to deliver more sustainable health care on a consistent basis.

The principle is for the strengthened national approach to support and compliment local planning and delivery arrangements to progress identification, development, and implementation of opportunities for both in-year and recurrent financial improvement across NHS Wales.

The establishment of the Value and Sustainability Board in Welsh Government is used to highlight the variation across several significant budget areas, across the

health and social care system.

This work commenced earlier this year and has provided an oversight mechanism into a number of value pathways to drive value for money. Some early examples in medicines management, procurement and continuing health care have demonstrated more focus on variation and standardisation is and will have an impact on value for money differentials across the health and social care system.

Work is underway to identify clinical pathways through the value in health centres to support the medium-term aims of this work. We are looking at a number of high-value low-impact pathways, which support not only improved value for money but also improve clinical outcomes and patient experience. This work is supported by all the NHS Wales Health Boards and has currently identified five health conditions as its focus for this year and next.

Further opportunities to standardise approaches and pathways will continue to be developed, but these remain challenging to deliver without clear clinical engagement and patient communication. Using the strategic national programmes in Wales, the NHS and Welsh Government are engaging with clinical colleagues and stakeholders to embed best practice and value for money approaches.

It remains a challenge to deliver a once for Wales approach in all areas due in part to the variation in public health across different communities, and also the availability of workforce in some areas will restrict an efficiency led approach. Work is underway to assess further sustainability issues in service provision and identify opportunities to eliminate excessive cost drivers in these challenged areas.

We will continue to invest in a value-based approach to recovery over the medium term, with a focus on improving outcomes that matter to patients; £14m is allocated in 2024-25 for this. This allocation will also support NHS recovery, with a focus on delivery of high value interventions that ensure improved outcomes for patients and support service sustainability and reducing waits for treatment over the medium term. This investment will give greater focus on delivery of outcomes that matter for

patients and will complement the implementation of plans currently being developed to tackle the immediate backlog of patients waiting for treatment.

In recent years, we have improved and embedded our planning and delivery frameworks with the NHS. This has included a focus on a number of areas to deliver on improvements in financial sustainability, for example, the implementation of Getting it Right First Time (GIRFT) related initiatives and priorities such as patient initiated follow-ups in planned care and implementing a value-based healthcare approach in a number of condition areas, to improve outcomes relative to resources utilised.

We also have the Welsh Value in Health Centre, hosted by Cwm Taf Morgannwg University Health Board in 2023-24 (but moving to the NHS Executive for 2024-25), which provides capacity and support to Local Health Boards in the delivery of value based healthcare activity which will improve the outcomes of our population.

Social Care

Welsh Government direct investment in social care is intended to support local authority mainstream spending in relation to specific aspects of service development and improvement. Such investment is subject to individual grant agreements which include proportionate provisions in relation to the assessment of outcomes and value for money.

Almost all of the funding for local authority social services is funded through the un-hypothecated general revenue settlement and local authorities' own resources from council tax, fees and charges and other income. This expenditure in relation to social care is under the control of individual local authorities, including the determination of intended outcomes for that spend and the associated assessment of value for money, within the requirements of relevant statutory provisions.

There are both specific service related requirements (such as through the Social Services and Well-being (Wales) Act 2014) and more general provisions, which establish or update Local Government in Wales (such as in the Local Government and Elections (Wales) Act 2021) and set the framework within which local authorities

operate and are accountable. Through this the Welsh Government ensures that there is a local and national general framework of assurance and control.

Key elements of this framework are:

- requirements on local effectiveness and efficiency, on scrutiny and on performance
- requirements for external audit
- the publication of data (such as the Local Authority Social Services Annual Report) to enable local and national transparency, monitoring and scrutiny and inspection through Care Inspectorate Wales (CIW).

Local Authorities have a general obligation to secure economic, effective and efficient services which Authorities must keep under review (The Local Government and Elections (Wales) Act 2021).

Similarly, to provide for a general culture where councils in Wales continually aim to do better, Welsh Government has legislated to require that Councils must keep their overall performance under review. This includes requiring they seek the view of citizens and publish an annual self-assessment of how effectively they are exercising their functions. Each local authority must also periodically ensure that a panel assessment of its performance takes place.

Local scrutiny is an essential element of this assurance, in addition to local authority-specific scrutiny, the role of which was strengthened for all services through the Local Government and Elections Act 2021.

The Auditor General for Wales is responsible for auditing both the accounts of and the value for money of local authorities.

The Welsh Government publishes data on social service and other local authority services budgets and expenditure each year. To complement this, local authority social service provision is monitored, on a monthly basis, via the Social Services Checkpoint report. This provides, for example, data around the number of contacts,

the number related to safeguarding, assessments, children and adults receiving care and support, and children looked after.

This is further complemented by the measuring activity and performance data of the Performance and Improvement Framework for social services. Such data is an important asset in understanding the environment of social care both locally and nationally, being used to assess the volume of people local authorities provide care and support to and the demand on particular services and functions. It also serves as a tool that can be used by local authorities to monitor their capacity to deliver against the requirements of the Social Services and Well-being (Wales) Act 2014. A report on measuring activity and performance data of the Performance and Improvement Framework for social services is published annually. This data provides an annual summary of the activity of local authority social services across Wales.

The above is underpinned by arrangements to consider the operations, efficiency, etc, of local authority social services departments through the regulator, Care Inspectorate Wales.

Health boards' financial performance

Question 12

An update on the overall financial performance of health boards, including:

- projected end of year financial position for health boards, and which have continued to fail to meet their financial duties;
- which health boards have received additional end of year and in-year financial support, the extent of that support and the planned duration;
- details of how the Welsh Government will support and work with health boards to bring NHS Wales back into financial balance.

Response:

At the outset of this financial year, the planned deficit outlined by Local Health Boards totalled £648m. NHS Strategic Health Authorities and Trusts outlined plans to deliver a balanced financial position.

The drivers of this position for Local Health Boards relate to a significant underlying deficit from last financial year, and significant inflationary and demand pressures over and above available funding. These pressures are not unique to NHS Wales but are challenges facing all healthcare services across the UK. In setting out this position, NHS organisations planned to deliver savings of £221m, a level of savings delivery in excess of what has been delivered previously.

NHS organisations have been facing in-year challenges to deliver the plans that were set out, due to operational challenges and persistent inflationary pressures.

In recognition of these challenges, an additional £425m was allocated to the Health and Social Services to help support the NHS this financial year. In addition, we reviewed central budgets and repurposed funding towards NHS organisations where possible. Whilst this additional funding support was welcomed and was essential, Health Boards still faced some difficult decisions to balance their budgets both this financial year and next.

As a result of our actions, funding will be also provided to organisations in support of the pay award commitments that have been agreed with and committed to our union partners. Local Health Boards have also been notified of the additional allocations being made in recognition of the challenges that are being faced, we confirmed that each Local Health was required to reduce planned deficits by 10%.

Following these allocations and deficit reduction expectations, revised target control totals have been set for Local Health Boards which across the seven Boards combine to total a deficit of £123m. These are target deficit positions for Local Health Boards to work towards achieving and are offset by funding within central budgets.

Full details on the NHS position of these allocations and the target control totals set for each organisation were published as part of a [written statement](#) by the Minister for Health and Social Services on 8 November 2023.

On the 17 of October 2023, the Minister for Finance and Local Government provided an [oral statement](#) to the Senedd on the Welsh Government's 2023-24 financial position. That statement detailed the outcome of the work over the summer to

address the impact of the Welsh Government budget being worth around £900m less than it was when it was set in 2021. The statement also contains information on the target controls totals for Health Boards.

Performance against these target control totals has been closely monitored since they were issued, and this continues to be an on-going process. We continue to work with all NHS Wales organisations on a consistent national basis, and organisational specific basis, in progressing delivery of the target forecast positions set out for the remainder of this financial year.

The expectation is that each Local Health Board makes progress recognising that whilst there are some challenges which effect all organisations which have been recognised with additional funding such as inflationary pressures, other challenges will be unique to organisations given different population needs, geography, and configuration of services across Health Boards. Delivery actions which may be possible in some Health Boards may not be possible in others.

All Health Boards are expected to be making the best decisions possible to balance service, workforce, and financial risk within these delivery parameters. Organisations are expected to ensure that decisions are robustly impact assessed in terms of quality, safety, risk, and deliverability, and that balance of risk judgment and decision making are optimised. Local Health Boards will be best placed to determine what actions are the most appropriate to deliver financial improvement whilst balancing all other variables and risks.

The Health and Social Services MEG is reporting a forecast deficit position on Fiscal Resource (revenue) at M08 of £92.7m for 2023-24.

Included within this is the following forecast picture for the NHS:

Organisation	M08 Forecast	Target Control Total	Distance to TCT M08
Surplus/-Deficit	£000s	£000s	£000s
Swansea Bay	-17,134	17,000	-134
Aneurin Bevan	-57,627	13,000	-44,627
Betsi Cadwaladr	-33,033	20,000	-13,033
Cardiff & Vale	-16,460	16,000	-460
Cwm Taf Morgannwg	0	0	0

Hywel Dda		-72,700	45,000	-27,700
Powys		-12,000	12,000	-0
HEIW		0	0	0
DHCW		0	0	0
PHW		0	0	0
Velindre		0	0	0
WAST		0	0	0
NHS Wales		-208,953	123,000	-85,953

At present, of the seven Health Boards, four are forecasting delivery of target control totals and three are not and are likely to have challenges in doing so.

The actions being taken to manage this position down further focus on:

- Ensuring all organisations are clear on the requirement and are identifying actions to deliver the Target Control Totals outlined.
- Ongoing review of all options and choices in the MEG through robust financial controls, to deliver savings and improve the overarching forecast position (over £240m of savings and opportunities rated green at M08).
- Enhancing system processes, controls to support financial improvement.
- As mentioned above, formal review meetings with all NHS organisations have been undertaken with emphasis on reporting improvements for month nine.
- On 13 September 2023 the Minister for Health and Social Services confirmed that all seven LHB's were now in escalation measures, with the escalation framework supporting financial delivery strengthened.
- Actions to deliver increased savings being identified and progressed via the National Value & Sustainability Board chaired by the Director General.
- WG officials working with the NHS Executive, to monitor progress against the target control totals set out, alongside implementation of actions with each organisation as part of the escalation framework. This includes working with organisations to support the delivery of savings that health boards have identified within plans and implementing processes to strengthen actions on a consistent

national basis to support local savings delivery.

Social care

Question 13

Planned allocation for social care, including:

- Any additional funding identified for 2024-25, and how such funding will be targeted.
- How the allocations will help to ensure the ongoing viability and stability of social care services, including residential and domiciliary care.
- What support the draft budget will provide for unpaid carers, including evidence of any new support schemes and specific spend on respite care and financial support for carers.
- Measures in the draft budget that will improve the sustainability of the social care workforce, particularly domiciliary care staff shortages.
- How the draft budget will help the social care sector to respond to the increased cost of living, including specific spend to support domiciliary care workers, and unpaid carers and disabled people, and their families.
- Details of planned spend on the National Office of Care and Support including staff costs.

Response:

As noted above, almost all of the funding for local authority social services is funded through the un-hypothecated general revenue settlement and local authorities' own resources from council tax, fees and charges and other income, and is under the control of individual local authorities.

The Welsh Government's direct investment in social care is intended to support local authority mainstream spending in relation to specific aspects of service development and improvement.

An example of the latter would be the Social Care Reform Fund, which was introduced in April 2022 to support activity to promote reform and improvement in social care, to complement the funding provided in the Local Government settlement.

The Social Care Reform Fund is used to support the reform of Social Care, to improve delivery and increase the sustainability of services across the social care sector. The funding is used to help deliver the Programme for Government commitments to reform social care for looked after children and to protect, re-build and develop our services for vulnerable people and for unpaid carers, and establish a National Social Care Office.

In relation to unpaid carers, the Carers Support Fund (£1.75m in 2024-25) will support unpaid carers to cope with the rising cost of living via the provision of grants to buy basic essential items, such as food, household and electronic items or access to counselling, financial advice, well-being and peer support.

The Short Breaks Scheme for unpaid carers (£3.5m in 2024-25) is also funded from the Social Care Reform Fund and provides opportunities for unpaid carers to have a break from their caring role.

There is no additional funding to enable expansion of financial support/ new schemes for unpaid carers.

In addition to this funding, £1m is provided to health boards via the Regional Integration Fund to support unpaid carers where the cared-for person is admitted to hospital or being discharged.

Finally, funding to national organisations is made from the Sustainable Social Services Third sector grant scheme to provide services and support to unpaid carers and to deliver the objectives of the Welsh Government strategy for unpaid carers.

In addition, our Programme for Government contains a number of commitments that set out our vision for children's services in Wales. Our ambition is for whole system change and, at its heart, we want to see more children and young people being enabled to live with their families and in their home neighbourhoods with many fewer needing to enter care. We also want to ensure the period that young people are in care is as short as possible.

We are committed to keeping families together. Our vision is to redesign how we look after children and young people so we can do the best for our young people, their families, and communities by providing services that are locally based, locally designed and locally accountable. It is about putting in place the right type of care for each child: reforming and joining up services for looked after children and care leavers, providing additional specialist support for children with complex needs and better supporting those who care for children.

Sustaining the previous year's £10m increase in the Social Care Reform Fund to £52m into 2024-25 will be used to enhance the support provided to the Programme for Government Commitments and thus to our vision for children's services in Wales. Funding has been awarded to Local Authorities to support proposals to deliver these commitments.

Eliminating profit from the care of looked after children

In particular, the allocation in the Social Care Reform Fund for eliminating profit from the care of looked after children has increased from £10m in 2022-23 to £20m in 2024-25.

As part of the Co-operation Agreement between the Welsh Government and Plaid Cymru, there is a clear commitment to 'eliminate private profit from the care of children looked after' as a key component of our radical agenda.

Feedback from children and young people suggests they have strong feelings about being cared for by privately owned organisations that make a profit from their experience of being in care. The Welsh Government does not believe there should be a market for care for children, or that profits should be made from caring for children facing particular challenges in their lives and intends to bring forward legislation to end this. This means the future care of children that are looked after in Wales will be provided by public sector, charitable or not-for-profit organisations.

Our aim is to ensure that public money invested in the care of children looked after does not profit individuals or corporate entities, but instead is spent on children's services to deliver better experiences and outcomes for children and young people,

addressing service development and improvement and further professional development for staff. We intend to focus, in the first instance, on children's residential care and foster care.

Over the remainder of this Senedd term we need to focus on working with care experienced children, local authorities and partners to increase public and not-for-profit provision, so there is a strong foundation to make a transition to not-for-profit care that meets the needs and entitlements of children and young people.

Radical Reform

Similarly, the allocation in the Social Care Reform Fund for radical reform of children's services has increased from £3m in 2022-23 to £9m in 2024-25.

We have committed through our Programme for Government to explore radical reform of current services for looked after children and care leavers in order to deliver a new vision and ambition for children's services, based on consistent practice, less risk averse behaviours and national restorative approaches adopted across Wales. Achieving this vision is not solely the responsibility of local authorities; it requires partnership working across public services and third sector organisations.

The programme will deliver preventative interventions for families with children on the edge of care including parental advocacy services, family group conferencing, Family Justice reform and a national practice framework. It will also require greater intervention and support for local authorities who are not delivering on our ambition to substantially reduce the number of children in care.

Real Living Wage

The Draft Budget for 2024-25 includes funding to raise the wages of social care workers, as part of our wider commitment to protect frontline public services. The uplift will apply to registered workers in care homes and domiciliary care (both adults and children's services) and registered domiciliary care workers in supported living settings. It will also be received by all personal assistants funded through a local authority direct payment.

Delivering improved pay through the Real Living Wage will help to address low pay associated with the sector, including in the context of a rising cost of living and increase the attractiveness of social care work. This delivers not only improvements for social care workforce, but improved workforce retention and outcomes for people receiving care and support. While the uplift to the Real Living Wage alone will not address all challenges within Social Care, it will contribute to the sustainability and longer-term ambition to raise the profile of the sector as a professional place to work, enhance opportunities for individuals to progress their careers, and to help improve recruitment and retention. The Real Living Wage for Social Care workforce aims to integrate with the Social Care Fair Work Forum's recognition of low pay challenges in the sector. It also connects with policy objectives in the Welsh Government Health and Social Services Group around the promotion of the health and well-being of people using services. It contributes to allow individuals to achieve positive outcomes and can positively impact workforce capacity and morale.

Social Worker Bursary

Funding for the social worker bursary is provided to students taking up the social work degree and offers additional financial support. This makes the social work degree more financially attainable and will ensure we have a sustainable supply of future social workers. The increase to the bursary of £10m over three years announced in 2022 has been available to students who took up the course since 2021-22.

The enhanced financial support will be available for both undergraduate and postgraduate students in Wales via the Social Work Bursary. The increase to the bursary brings our funding for this programme to almost £10m over three years to assist with the training of future social workers. Of this £10m package of funding, the changes we are making total £3.5m across the three years. This represents a more than 50 per cent increase on the original bursary for both undergraduates and postgraduates.

Social workers carry out a vital role within our communities, supporting people to take charge of their own lives. They are at the core of our social care system and key to the delivery of effective care. The student Social Work bursary supports people

with the right skills and attributes to be able to undertake social work training and aims to contribute to the growth of a sustainable social work workforce in Wales and is a contribution to the costs incurred by individuals training to be social workers.

Workforce and Sustainable Social Services grant (workforce grant)

In recognition of the important role that local authorities play in delivering core social services, the Welsh Government has provided recurrent funding to the sector in the form of a Workforce and Sustainable Social Services grant. The criteria for the use of the grant have been broadly set. Local authorities have been able to use the funding to support increases to pay, but also for other interventions aimed at supporting the delivery of sustainable social care services to ensure that they were better placed to meet increased or unexpected demand. In practice, the funding has been used for a variety of measures from salary uplifts to actions aimed at supporting the delivery of services. This grant has been issued annually to local authorities since 2019 and will total £34.4m for 2024-25.

The staffing cost allocation for National Office for Care and Support posts is £464,512.