

Inquiry into preparations for replacing EU funding for Wales – Consultation

Response from NHS Wales Directors of Finance

This response has been prepared on behalf of NHS Wales Directors of Finance who welcome the opportunity to provide evidence on the impact of withdrawal of funding received from the EU. This response only reflects the impact upon the NHS in Wales.

There is little or no EU funding received into Welsh Government directly for Health.

Therefore there would be a minimal direct impact upon the funding of NHS Wales.

Reduction of EU funding to sectors other than Health may however put further pressure on other Welsh Government budgets which may in turn impact on the Health budget allocation.

There could however be an adverse impact upon the NHS as consequence of WG EU funding withdrawal from Local Authorities where that has a direct impact upon services provided by NHS staff. This includes schemes that are commissioned by local authorities and provided by Welsh NHS organisations such as Surestart, Flying Start and Families First. The funding for these initiatives could cease with the resultant impact upon service provision.

Between 2007 and 2013 the UK contributed 5.4 billion Euros into EU research and development (Office for National Statistics 2015) but also received 8.8 billion Euros for research, development and innovations activity (European Commission). There is therefore a financial risk on this part of R&D funding streams. It is however difficult to quantify the impact of this. It would be helpful if the UK contribution was re-routed internally to maintain current levels of research and development.

Whilst not directly related to EU funding, Brexit could lead to increased costs of goods and services for which NHS Wales spends circa £1bn. Whilst negotiations are still ongoing over trade agreements, any changes to the current European Union procurement regulations and any restrictions to the single market would impact upon the price of goods and services. Notwithstanding these ongoing negotiations, Brexit could lead to increased prices due to other macroeconomic pressures such as increased inflation and changes to the exchange rates.

Furthermore the EU's policy on freedom of movement and mutual recognition of professional qualifications within the EU has resulted in many health professionals working in the UK having come from other EU Countries. A potential loss of recruitment and retention where the NHS is already struggling to recruit and retain permanent staff could result in additional pressures on services and premium cost temporary workers.

The wider overall uncertainty over withdrawal from the EU will have a much bigger impact upon the NHS in Wales than specific EU funding streams. Whilst the impact on the UK Economy of the departure from the EU is unknown, there is a risk however of some

economic instability leading to a decline in the value of sterling and inflationary increases. This together with the overall impact of the Brexit deal could potentially lead to pressures on a UK economy which in turn could result in the need to curtail public sector spending. This is the biggest risk facing NHS Wales. The potential impact of this however is well rehearsed at a national level.

In conclusion, it is not anticipated that there will be a direct impact of EU funding withdrawal on the NHS. The financial impact is anticipated to be indirect, increasing pressure on NHS resource through reduction in total available Welsh Government funding, partnership funding with Local Authorities and inflationary and staffing pressures.