

# Welsh Government draft budget 2024-25

February 2024

## 1. Introduction

1. This report sets out the views of the Health and Social Care Committee on the Welsh Government's draft budget for 2024-25.

### Background

2. On 19 December 2023, the Welsh Government published its draft budget 2024-25, which set out its revenue and capital spending plans for that period, and updates the indicative plans outlined as part of the 2022-23 and 2023-24 budgets. This is the final year of the three-year spending period.

3. The draft budget narrative, 'A budget to protect the services which matter most to you', states:

*"In making this Draft Budget, we have had to take incredibly difficult decisions – the starkest and most painful since devolution (...)*

*This is a difficult budget in extraordinary times".<sup>1</sup>*

4. The Welsh Government says it has "radically reshaped" its budget to focus on investment in the NHS and to protect the core local government settlement which funds, amongst other things, social services and social care.<sup>2</sup> It has done so

<sup>1</sup> [Welsh Government, Draft Budget 2024-25: A Budget to Protect the Services which Matter Most to You, December 2023](#)

<sup>2</sup> [Welsh Government, Draft Budget 2024-25: A Budget to Protect the Services which Matter Most to You, December 2023](#)



in line with “a set of guiding principles” which include protecting core, frontline public services as much as possible.<sup>3</sup>

**5.** In our [report on last year’s draft budget](#), we noted that the health and social care sectors continue to face significant pressures associated with the COVID-19 pandemic, waiting times backlogs, industrial action, and increased demand over the winter period. Unfortunately, these issues persist and, as set out in the draft budget narrative for 2024-25, are being experienced alongside conflicts in the Ukraine and Middle East, high inflation, a cost-of-living crisis, and nature and climate emergencies.<sup>4</sup>

**6.** The Welsh Government expects the financial outlook for the NHS in 2024-25 to be “one of the most challenging” ever faced.<sup>5</sup> The draft budget narrative states that the NHS will receive an extra £450m, which is additional to the £425m for 2023-24 which was announced in October 2023. This, it says, is “equivalent to an increase of more than 4% in 2024-25<sup>6</sup>, and will

*(...) help to mitigate the more serious impacts on frontline services, patient care, access and performance targets.*

*By investing more in the NHS we aim to offset the most severe impacts across all parts of Wales and provide protection for everyone, including children, disabled, older and vulnerable people.”<sup>7</sup>*

**7.** In relation to social care, the draft budget narrative states that the Welsh Government has maintained the Local Government Settlement at 3.1%, with a total core funding contribution of £5.7bn.<sup>8</sup> Despite this, it states:

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<sup>3</sup> [Welsh Government, Draft Budget 2024-25: A Budget to Protect the Services which Matter Most to You, December 2023](#)

<sup>4</sup> [Welsh Government, Draft Budget 2024-25: A Budget to Protect the Services which Matter Most to You, December 2023](#)

<sup>5</sup> [Welsh Government, Draft Budget 2024-25: A Budget to Protect the Services which Matter Most to You, December 2023](#)

<sup>6</sup> [Welsh Government, Draft Budget 2024-25: A Budget to Protect the Services which Matter Most to You, December 2023](#)

<sup>7</sup> [Welsh Government, Draft Budget 2024-25: A Budget to Protect the Services which Matter Most to You, December 2023](#)

<sup>8</sup> [Welsh Government, Draft Budget 2024-25: A Budget to Protect the Services which Matter Most to You, December 2023](#)

*“(…) councils will face significant pressures and difficult choices in managing within their settlements in 2024-25.”<sup>9</sup>*

## Scrutiny approach

8. Our scrutiny of the draft budget 2024-25 has been informed by:

- Consideration of the cross-cutting themes outlined in our Sixth Senedd strategy.<sup>10</sup>
- Written<sup>11</sup> and oral evidence<sup>12</sup> from the Minister for Health and Social Services (“the Minister”), the Deputy Minister for Mental Health and Wellbeing (“MHW”), the Deputy Minister for Social Services (“SS”), and their officials.
- Consideration of evidence gathered by the Finance Committee during its scrutiny, including its consultation and engagement on potential areas of priority.<sup>13</sup>

9. There is significant overlap between our remit and that of the Children, Young People and Education (“CYPE”) Committee in respect of children and young people’s physical and mental health and social care. As in previous years, we have therefore shared with the CYPE Committee the evidence we received from the Welsh Government and private briefing materials prepared for us by our officials.

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<sup>9</sup> [Welsh Government, Draft Budget 2024-25: A Budget to Protect the Services which Matter Most to You, December 2023](#)

<sup>10</sup> Health and Social Care Committee, [Sixth Senedd strategy](#), December 2021

<sup>11</sup> HSC Committee, 17 January 2024, Paper 1

<sup>12</sup> Health and Social Care Committee, [RoP, para 771, 17 December 2023](#) (Note: all references in this report to ‘RoP’ refer to the record of proceedings for the Health and Social Care Committee, unless otherwise stated)

<sup>13</sup> Finance Committee, [Welsh Government draft budget 2024-25](#) [accessed January 2024]

## Recommendations

**Recommendation 1.** The Minister for Health and Social Services should publish a copy of the letter she issued to Health Boards in December 2023 to be used in the preparation of their respective Integrated Medium-Term Plans. Where applicable, she should do this on an annual basis, alongside publication of other Welsh Government draft budget documentation.....13

**Recommendation 2.** The Minister for Health and Social Services should provide an update on discussions with health boards about her priorities for their Integrated Medium-Term Plans for 2024-25.....13

**Recommendation 3.** The Minister for Health and Social Services should provide an annual update, in advance of scrutiny of the Welsh Government’s draft budget, about the work of the Value and Sustainability Board, the efficiencies that have been implemented during that period, and the further opportunities it has identified to support financial improvement. ....13

**Recommendation 4.** The Minister for Health and Social Services should provide details of how the Welsh Government will ensure that all health boards in Wales are able to stabilise their finances within the 2024-25 to 2026-27 integrated medium term planning cycle. This should include clear timescales within which the Welsh Government anticipates each health board will achieve financial balance, and how progress will be monitored.....14

**Recommendation 5.** The Welsh Government should monitor access to social care services, to ensure that budget pressures do not lead to people who are eligible for care and support being denied services.....21

**Recommendation 6.** The Deputy Minister for Social Services should provide information on the timescales for announcements relating to increasing the cap on charges for domiciliary care.....21

**Recommendation 7.** The Minister for Health and Social Services should provide us with details of all the areas where she is considering increasing charges for service provision, including the likely funds that would be generated and indicative timescales for any proposals.....21

**Recommendation 8.** The Deputy Minister for Social Services should provide details of the findings of the Disability Rights Taskforce’s working group on Independent Living: Social Care, including recommendations made to the Welsh

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Government and the response; how the Welsh Government plans to implement the recommendations, and the timescales for doing so.....22

**Recommendation 9.** The Deputy Minister for Social Services should provide details of the Welsh Government’s assessment of the level of demand for respite care across Wales and the funding that would be required to meet the needs of all unpaid carers. ....22

**Recommendation 10.** The Minister for Health and Social Services should set out when she expects targets for reducing outpatient waits and eliminating two year waits for treatment to be achieved. ....25

**Recommendation 11.** The Minister for Health and Social Services should provide an up-to-date position on the development of regional hubs across Wales, including timescales, the investment that is required and being made available to support their development, and the impact this work is expected to have on reducing waiting lists.....25

**Recommendation 12.** The Minister for Health and Social Services should set out how this budget will contribute to improved cancer outcomes for patients across Wales..... 26

**Recommendation 13.** The Minister for Health and Social Services should clarify whether she would increase the 5 per cent pay award made to medical and dental staff in Wales if additional, consequential funding was made available by the UK Government.....32

**Recommendation 14.** The Minister for Health and Social Service should provide figures for the estimated cost of offering an additional 1 per cent uplift to medical and dental staff in Wales. In making this recommendation, we note that this is not an offer being made by the Welsh Government. ....33

**Recommendation 15.** The Minister for Health and Social Services should provide us with details of the cost of the recent industrial action for health boards, both in terms of staffing and also as regards levels of activity.....33

**Recommendation 16.** The Deputy Minister for Social Services should provide us with details of the work being undertaken by the Welsh Government to retain the significant number of staff who are planning to leave the social care sector by the end of the year.....34

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**Recommendation 17.** The Minister for Health and Social Services should provide us with more information on the planned activity being reviewed as part of the reprioritising of the Workforce and Sustainable Social Services Grant, and commit to keeping the Committee informed about any proposed further changes in this area.....34

**Recommendation 18.** The Minister for Health and Social Services should set out the impact that the shift in the draft budget from longer-term primary prevention to support for frontline services will have on population health, and the sustainability of health and care services. As part of this, she should set out:

- how progress in delivering her policy aim of shifting more resources out of hospitals towards primary and community-based care is being measured, and..37
- when she expects to be in a position to direct more resources into longer-term prevention.....37

**Recommendation 19.** The Welsh Government should consider introducing, across all its departments, a ‘preventative’ category of spend in future budgets, moving towards a longer term budgeting view in order to help build and protect population health..... 38

**Recommendation 20.** The Deputy Minister for Mental Health and Wellbeing should set out the services, programmes or initiatives that will be most affected by not making the £15m uplift for mental health, and the likely impact this will have on mental health outcomes, particularly for groups most subject to inequalities.....41

**Recommendation 21.** The Deputy Minister for Mental Health and Wellbeing should provide us with figures for the actual spend by individual health boards against the mental health ring fenced funding. ....42

**Recommendation 22.** The Minister for Health and Social Services should provide information about how the capital allocations in the 2024-25 draft budget align to the priorities outlined in her December 2023 letter to health boards to inform their 2024-25 Integrated Medium-Term Plans. In doing so, she should identify any changes that have been made to previous capital allocations or spending plans. .... 46

**Recommendation 23.** The Minister for Health and Social Services should set out the activities, outputs and outcomes to improve digital infrastructure and inclusion that will be most affected by the cuts to funding for the digital strategy

for health and social care and the digital inclusion budget. This should include an assessment of:

- the implications of the cuts for those communities most at risk of digital exclusion, who are more reliant on health services undergoing digital transformation, and ..... 46
- the likely impact of these cuts on inequalities regarding people’s access to health information and telehealth services..... 46

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## 2. Funding for NHS Wales

### Overview

**10.** The Welsh Government expects the financial outlook for the NHS in 2024-25 to be “one of the most challenging” ever faced.<sup>14</sup>

**11.** According to the Minister, these financial challenges, which she says are common to all areas of the UK, relate 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.*<sup>15</sup>

### Health and Social Services MEG

**12.** The Health and Social Services Main Expenditure Group (the “HSS MEG”) contains core revenue and capital funding for NHS Wales, and funding for public health, social care and supporting children.

**13.** As in previous years, the HSS MEG has received the largest allocation within the Welsh Government’s draft budget. The Health and Social Services revenue and capital Departmental Expenditure Limit (“DEL”) in the draft budget for 2024-25 is £11.7bn, representing almost half (49.4%) of the total for all Welsh Government departments. The Welsh Government states;

*“the majority of this goes directly to fund the NHS.”<sup>16</sup>*

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<sup>14</sup> [Welsh Government. Draft Budget 2024-25: A Budget to Protect the Services which Matter Most to You. December 2023](#)

<sup>15</sup> HSC Committee, 17 January 2024, Paper 1

<sup>16</sup> [Welsh Government. Draft Budget 2024-25: leaflet](#)



**14.** In its supporting tables, the Welsh Government sets out its draft budget 2024-25 allocations<sup>17</sup> alongside the funding in its Final Budget 2023-24<sup>18</sup>, and the indicative budget allocations for 2024-25 (included in the Final Budget 2023-24). Both have been restated following changes to Ministerial responsibilities.<sup>19</sup>

**15.** These show an increase in DEL funding for 2024-25, in cash terms, by a net:

- £928.8m or 8.6% compared with the restated Final Budget 2023-24<sup>20</sup>. This equates to an increase in real terms of £736.0m or 6.8%; and
- £677.6m or 6.2% compared with the restated indicative budget allocations for 2024-25. This equates to an increase in real terms of £484.8m or 4.4%.

**16.** These changes do not reflect the net additional funding for the Health and Social Services MEG, set out in the First Supplementary Budget 2023-24<sup>21</sup>, published in June 2023. This showed an increase in DEL of £149m or 1.4% compared with the Final Budget 2023-24.<sup>22</sup> Nor do they include the changes in the Welsh Government's update on the 2023-24 Financial Position<sup>23</sup>, published in October 2023, which allocated an additional £425.1m to the MEG<sup>24</sup>.

## Increased funding for the NHS

**17.** Resource funding for the 'Delivery of Core NHS Services' Budget Expenditure Line ("BEL") increases by £971.3m (or 10.2%) compared with the restated Final Budget 2023-24 and £756.3m (or 7.8%) compared with the restated indicative budget for 2024-25.

**18.** This increase has been achieved by redirecting funding from across the Welsh Government in order to provide additional investment in the NHS. On this point, the Minister stated:

*"(...) in this financial year [2023-24], we've had to go around the entire Cabinet table, who have made significant contributions to try and*

<sup>17</sup> [Draft Budget 2024 to 2025](#)

<sup>18</sup> [Final Budget 2023 to 2024](#)

<sup>19</sup> [Supplementary Budget 2023-2024: Explanatory Note](#)

<sup>20</sup> Senedd Research, ['Welsh Government Draft Budget 2024-25'](#)

<sup>21</sup> Welsh Government, [1st Supplementary Budget 2023 to 2024](#)

<sup>22</sup> Senedd Research, ['Exploring the Welsh Government's First Supplementary Budget 2023-24'](#)

<sup>23</sup> Welsh Government, [Update on 2023-2024 financial position: summary of main changes](#)

<sup>24</sup> Senedd Research, ['Balancing the books: an update on the Welsh Government's 2023-24 Financial Position'](#)

*keep the wheels on the bus in relation to health. That's happened, again, effectively [in the draft budget]. That's been baselined into the next financial year. So, in all, there has been a significant increase going to health and social services.”<sup>25</sup>*

**19.** Funding has also been transferred within the HSS MEG “to help offset the additional pressures”.<sup>26</sup> The draft budget narrative sets out that:

*“In prioritising funding to the NHS, we have reviewed all centrally held budgets in Health and Social Services and have redirected funding from several areas. These include substance misuse budgets.”<sup>27</sup>*

**20.** Despite this, the Minister was clear that there will still be a need for health boards to balance their budgets, both in this financial year and the next, and that this will mean that they face challenging decisions.<sup>28</sup> She added:

*“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.”<sup>29</sup>*

**21.** We asked the Minister what specific strategies she believed that health boards should employ to manage within their individual budgets. In response, she told us they needed to “stabilise their finances”, which she said was the “key requirement of them this year” and would be difficult in the face of massive demand for NHS services.

**22.** She said that the Welsh Government had baselined money into the NHS budget in a number of spending areas, like COVID and energy, that previously had been kept separate. The expectation, she said, was that health boards would now put that into their core budgets.

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<sup>25</sup> RoP [para 10], 17 January 2024

<sup>26</sup> Welsh Government, Draft Budget 2024-25: A Budget to Protect the Services which Matter Most to You, December 2023

<sup>27</sup> Welsh Government, Draft Budget 2024-25: A Budget to Protect the Services which Matter Most to You, December 2023

<sup>28</sup> RoP [paras 10-11], 17 January 2024, and Welsh Government, Draft Budget 2024-25: A Budget to Protect the Services which Matter Most to You, December 2023

<sup>29</sup> Welsh Government, Draft Budget 2024-25: A Budget to Protect the Services which Matter Most to You, December 2023

**23.** She also referred to the “value and efficiency agenda” being key to delivery of health boards’ budgets, as well as the need to meet target controls for their forecast deficits, and to take action to reduce their forecast spend by 10% (around £64m).<sup>30</sup>

**24.** In terms of transparency and accountability in decision-making across health boards, the Minister said that a key mechanism was the health boards’ own boards; that there was also an important role for the NHS Executive; and that Llais, as the independent patient voice, had a role to ensure the patient voice is heard.<sup>31</sup>

**25.** We pressed the Minister on whether she was planning to provide additional in-year funding for health boards. In response, Hywel Jones, the Welsh Government’s Director of Finance for Health and Social Services Group said:

*“(...) in broad terms, for the next financial year, as a principle, we recognise that what we’ve allocated to health boards is the best funding that we can provide at this point, and we’re looking for them to plan on that basis.”<sup>32</sup>*

## Prioritisation

**26.** In her written evidence, the Minister stated:

*“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.”<sup>33</sup>*

**27.** The Minister told us that she had “issued the NHS Planning Framework ready for next year” to health boards on 18 December, which will be used by them to draw up their Integrated Medium-Term Plans (IMTPs) for Ministerial approval. That Framework, she said, contains a “very clear steer” of the Welsh Government’s preferred areas of focus, including stabilising their (health boards’) position, increasing efficiency and reducing waste and variation.<sup>34</sup> She told us that other priority areas for Welsh Government included in the Framework are:

<sup>30</sup> HSC Committee, 17 January 2024, Paper 1

<sup>31</sup> [RoP \[para 77\], 17 January 2024](#)

<sup>32</sup> [RoP \[para 88\], 17 January 2024](#)

<sup>33</sup> HSC Committee, 17 January 2024, Paper 1

<sup>34</sup> [RoP \[paras 13, 17\], 17 January 2024](#)

*“reducing inequalities and improved outcomes; delivering improvements against 'A Healthier Wales', (...); looking at transformation and innovation in the design and delivery of pathways; strengthening primary and community care; looking further at accelerated cluster developments and enhanced community care, (...) making sure that there's real focus on quality and safety; and a real focus on women and children (...)”<sup>35</sup>*

**28.** She said there were also some national programmes where the Welsh Government was “expecting change”, including “urgent emergency care, planned care, cancer, mental health, including child and adolescent mental health services”.<sup>36</sup> The Minister agreed to provide the Committee with a copy of the Planning Framework.

**29.** The Minister also referred to a value and sustainability board<sup>37</sup>, which she said had been:

*“set up with officials, but driven by the NHS chief executive officer, where all of the chief executives come around the table to drive value and sustainability”.*<sup>38</sup>

## **Our view**

**30.** Once again, the backdrop to the Welsh Government’s draft budget is one of extremely difficult financial conditions. Health boards and local authorities continue to feel the triple effects of the pandemic, inflation and high energy costs, whilst also continuing to deal with enormous, and growing, demand for services alongside the waiting times backlog and longstanding workforce issues.

**31.** This is the final year of the Welsh Government’s 3-year spending period outlined in the 2022-23 budget. The Welsh Government has chosen to prioritise spending on health and social services in order to protect frontline services in these areas and, as the Minister made clear, this has involved considerable sacrifice across the other government departments.

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<sup>35</sup> RoP [para 9], 17 January 2024

<sup>36</sup> RoP [para 9], 17 January 2024

<sup>37</sup> The NHS Wales Value and Sustainability Board, previously known as the Utilisation of Resources Group.

<sup>38</sup> RoP [para 17], 17 January 2024

**32.** Despite these efforts, health boards are still facing hard decisions about how to plan and deliver services to their respective populations, whilst also taking action to reduce their forecast spend by 10 per cent, around £64m.

**33.** We note that the Minister has written to health boards outlining her priorities as part of their Integrated Medium-Term Plan (IMTP) planning process. In our report on the draft budget last year, we said it would be preferable in future if the Minister was to share and publish proactively details of the priorities she issues to health boards as part of their IMTP preparation. We are grateful that the Minister has agreed to share these details with us again this year, and look forward to receiving them. However, we note that they have not been published to date. It would also have been useful to have this information in advance of the oral evidence session.

**Recommendation 1.** The Minister for Health and Social Services should publish a copy of the letter she issued to Health Boards in December 2023 to be used in the preparation of their respective Integrated Medium-Term Plans. Where applicable, she should do this on an annual basis, alongside publication of other Welsh Government draft budget documentation.

**Recommendation 2.** The Minister for Health and Social Services should provide an update on discussions with health boards about her priorities for their Integrated Medium-Term Plans for 2024-25.

**34.** In relation to the Value and Sustainability Board, we note that this has been reframed from the previous Utilisation of Resources Group but that its core purpose is still to ensure that the health service works together to identify and deliver efficiencies consistently. In our report on the last draft budget, we said that it remained to be seen whether measures such as this would deliver, and we would be interested to see evidence of changes that have resulted from the workings of the Board.

**Recommendation 3.** The Minister for Health and Social Services should provide an annual update, in advance of scrutiny of the Welsh Government's draft budget, about the work of the Value and Sustainability Board, the efficiencies that have been implemented during that period, and the further opportunities it has identified to support financial improvement.

**35.** More broadly, in her response to our budget report last year, the Minister for Health and Social Services noted that three health boards were in increased levels of escalation due to their financial position, and a further three were forecasting that they would not achieve financial balance by the end of that financial year. She went on to say that, in this context, it was likely that most health boards would be unable to present a balanced Integrated Medium-Term Plan for approval.

**36.** In the period covered by the draft budget before us, i.e. 2024-25, all seven health boards now find themselves in increased levels of escalation relating to their financial position. Given the extraordinary financial pressures facing the health service in Wales, it is unclear how health boards will be able to meet the Minister's key requirement of stabilising their finances, whilst also responding to unprecedented demand for services and reducing their forecast spend by 10 per cent. As was the case last year, we remain concerned about whether the Welsh Government has the capacity needed to work with every health board to provide the support and oversight that is needed.

**Recommendation 4.** The Minister for Health and Social Services should provide details of how the Welsh Government will ensure that all health boards in Wales are able to stabilise their finances within the 2024-25 to 2026-27 integrated medium term planning cycle. This should include clear timescales within which the Welsh Government anticipates each health board will achieve financial balance, and how progress will be monitored.

### 3. Local authority social care services

**37.** The local government Revenue Support Grant (RSG) provides core funding for local authorities through the Local Government Settlement to deliver a wide range of public services, including education and social services.

**38.** In the budget narrative, the Welsh Government says it has committed to maintain the Local Government Settlement at 3.1%, with total annual core funding contribution of £5.7bn. It says it is providing £1.3m through the Revenue Support Grant to ensure that no authority has an increase in settlement of below 2%:

*“Protecting these budgets reflects the vital importance of our Local Government partners in the front line delivery of vital public services, including in two of their biggest service areas – schools and social care.”<sup>39</sup>*

**39.** According to the Minister’s written evidence, 66% of local authority resources are directed to education and social services.<sup>40</sup>

**40.** The Welsh Government says it is aiming to protect, as far as possible, core funding for schools, social services and social care, bin collections and local leisure services. However, it notes the pressure that public services are under and says that it will still be necessary for councils to make difficult choices.

#### Pressures on social care

**41.** Both WLGA and ADSS Cymru have said that councils are facing record levels of demand for social care services, which has led to a £108.7m overspend this year. They predict an extra £646m will be needed over the next three years to plug the gap. The WLGA says the impacts of the funding gap councils are facing on “our communities and on vital services like schools and social care are likely to be profound”.<sup>41</sup>

**42.** According to the WLGA, social care has been responsible for 50% of the overall overspend in local authorities, “with high-cost children’s care and soaring

<sup>39</sup> [Welsh Government. Draft Budget 2024-25: A Budget to Protect the Services which Matter Most to You. December 2023](#)

<sup>40</sup> HSC Committee, 17 January 2024, Paper 1

<sup>41</sup> [@WelshLGA](#), 19 December 2023

demand for adults' social care accounting for most of the runaway costs". It states inflation accounts for just over a third of projected overspend (around £72m), but much of the in-year pressures are due to unprecedented demand for services.<sup>42</sup>

**43.** The WLGA noted the overspend on social services was £93m in 2022-23, £108.7m in 2023-24 and both ADSS Cymru and the WLGA described "considerable financial challenges", which continue into 2024-25. They calculated that there will be £261m social care financial pressures in 2024-25. This equates to an 11.3% increase in current budgets.<sup>43</sup>

**44.** ADSS Cymru has said that the increasing number of people needing care and support is creating unsustainable financial and demand pressures on services. It highlighted rising fees as a particular issue, for example:

*"One local authority identifies that residential and nursing homes are seeking a rise in fees of around 20% and another has experienced roughly a 10% increase in fees in each of the last two years."*<sup>44</sup>

**45.** We asked the Deputy Minister for SS how the Welsh Government's draft budget accounted for the record levels of demand for social care, and what she anticipated to be the impact of the funding gap on services.

**46.** The Deputy Minister for SS told us that the Welsh Government was providing £5.7bn to local authorities in the draft budget; a 3.1 per cent increase in core revenue funding. Despite this, she said that she recognised the "difficult decisions" facing local authorities in providing services, but that:

*"(...) local authorities are accountable and responsible to their electorate, and they will have to take account of the full range of pressures that they have within each local authority. So, obviously, what they do is a decision, then, for them."*<sup>45</sup>

**47.** Additionally, the Deputy Minister for SS confirmed that consideration was also being given to increasing the cap on charges for domiciliary care:

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<sup>42</sup> Finance Committee, WGDB\_24-25 50, Response from WLGA

<sup>43</sup> Finance Committee, WGDB\_24-25 51 Response from ADSS and WLGA

<sup>44</sup> Finance Committee, WGDB\_24-25 51 Response from ADSS and WLGA

<sup>45</sup> [RoP \[para 96\], 17 January 2024](#)



*"I think it's important to note that the maximum charge, notwithstanding inflation and other factors, hasn't increased from a £100 per person as a cap per week since 2020. And in contrast, local authorities have seen very big increases in terms of care levels, of demands for service, and all the additional costs, with energy and the cost-of-living issues. And this is something that the local authorities have asked for us to do, to raise the cap.*

*We as a Government have got to work out how we can ensure that care can be sustained in the communities, and this is one of the areas that we're reluctantly having to look at. And we broadly estimate that a £10 increase would have the potential to raise up to £4.8 million in revenue."<sup>46</sup>*

**48.** She said that any change in this area would be subject to public consultation.<sup>47</sup>

**49.** We asked the Minister about concerns raised by Disability Wales about the effect on disabled people of cost-of living pressures and possible increases in domiciliary care charges. Disability Wales said they had heard from disabled people who have experienced increased charges, resulting in them being unable to afford their care or having to cut care hours.

**50.** Responding to this, the Deputy Minister for SS said:

*"(...) we're aware, in this cost-of-living crisis, that disabled people is one group that's usually disproportionately affected by such a crisis, and we want to do all we can to help.*

*We are involved in all the different forums with Disability Wales and the disability rights taskforce, so all our officials are part of that. So, we are very well aware of the issues that they are raising, and I believe that recommendations are going to be made soon from one of these groups about what things can be done to help."<sup>48</sup>*

<sup>46</sup> RoP [para 210]. 17 January 2024

<sup>47</sup> RoP [para 210]. 17 January 2024

<sup>48</sup> RoP [para 220]. 17 January 2024

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## National Office for Care and Support

**51.** We asked if the establishment of the new National Office for Care and Support, with its associated costs, was the best use of resources at the current time.

**52.** The Deputy Minister for SS said that spending on the National Office was relatively small because staff salaries were already covered within the Welsh Government budget. She said:

*“In terms of developing our social care, in terms of our transformation agenda, in terms of trying to turn things around, we need that national office to take it forward, and I think it would ultimately be counterproductive not to recognise the benefits that this national office would bring. So, yes, we did look at it, but we decided it was too important in terms of our longer term plans.”<sup>49</sup>*

## Charges for other services

**53.** The draft budget narrative states, in light of financial pressures, consideration is being given to increasing charges for a range of services:

*“People in Wales already pay charges for a range of services, including NHS dental care, domiciliary care and tuition fees – in most cases these are set at a level lower than in England and a range of exemptions are available for people on low incomes and for those on benefits. If we decide to increase charges, proposals will be brought forward for consultation.”<sup>50</sup>*

**54.** We asked the Minister what impact increasing dental charges would have on patients’ ability to access services. She said that there was already a means-tested system in place for charging, so those who are not able to pay for dental work, do not.<sup>51</sup> She went on to say that charges in England are considerably higher than Wales:

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<sup>49</sup> RoP [para 265], 17 January 2024

<sup>50</sup> **Welsh Government Draft Budget 2024-25 A Budget to Protect the Services which Matter Most to You December 2023**

<sup>51</sup> Free dental treatment is available to those who receive certain benefits (or whose partner receives those benefits), are on a low income, or are entitled to, or named on, a valid NHS tax credit

*"I think it's probably worth looking at the difference between what we charge in Wales compared to what was charged in England, in relation to dental care. Look, we don't want to do any of this (...) but we are in a position where we do have to look at every possible avenue, to see how we can increase revenue."<sup>52</sup>*

## Eliminating profit in care of looked-after children

**55.** In her evidence, the Deputy Minister for SS referenced the Welsh Government's agenda to eliminate profit, which she said involves a £20m financial commitment in the draft budget to "reach children at an earlier stage" and help to ensure that, if children have to be placed in care, this can be provided closer to home. This, she said, "will ultimately result in less money having to be spent by local authorities" on expensive care for children which can often be outside their local authority area, or outside Wales.<sup>53</sup>

**56.** She went on to say:

*"Young people have told us that they don't want to be placed in services where people profit (...)*

*I'm sure you're aware of the thousands of pounds per week that is spent on young people who are being placed in private sector placements, some of which may be very good, but it is a huge drain on the resources. And when we go round local authorities, they say that children's social services are one of the biggest drains on what they have to pay out. So it is a prudent policy, as well as one that we think will result in better outcomes for children."<sup>54</sup>*

## Unpaid carers

**57.** Funding to support unpaid carers is available from a number of different sources. The Social Care Reform Fund is used, in part, to develop services for unpaid carers. It funds the Short Breaks Scheme, set at £3.5m in 2024-25, which provides opportunities for unpaid carers to have respite. Additionally, the Carers

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exemption certificate. Full details about [entitlement to free NHS dental examinations and treatment](#) are available on the Welsh Government's website.

<sup>52</sup> RoP. [para 204]. 17 January 2024

<sup>53</sup> RoP. [para 97]. 17 January 2024

<sup>54</sup> RoP. [para 114]. 17 January 2024

Support Fund supports unpaid carers to cope with the rising cost of living by making small grants to unpaid carers for basic essential items, such as food, household and electronic items, or access to advice or counselling.<sup>55</sup> Funding is also available via the Regional Integration Fund and the Sustainable Social Services Third Sector Grant Scheme.

**58.** The Minister's written evidence says there is "no additional funding to enable expansion of financial support/ new schemes for unpaid carers."<sup>56</sup>

**59.** It also confirms that "the Social Care Reform Fund will not receive the original planned £5m uplift", but will remain at £52m for 2024-25. It says that officials are working to protect spend which relates to services to avoid or minimise potential impact in terms of reduced services which could affect disabled and older people and the most vulnerable members of society.

**60.** We asked the Deputy Minister for SS about the impact of the draft budget on respite care, given that there will be no additional funding to expand the financial support for unpaid carers. She confirmed there was no reduction in funding for the short breaks scheme, which she said was "intended to ensure that an additional 30,000 carers take a break from caring by 2025".<sup>57</sup>

**61.** Specifically in relation to young carers, the Deputy Minister for SS told us that the Welsh Government was committed to continue funding for the young carers festival next year "because of the huge uplift it gives".<sup>58</sup>

## Our view

**62.** There is a reported funding gap of £646m for local authority social care services over the next three years. We need to understand the impact this will have on the people who rely on those services. Inflationary pressures, rising fees and an ever-growing demand for services are placing enormous strain on the system which will, as the Deputy Minister for SS has said, require "difficult decisions" to be made by local authorities.

**63.** We acknowledge the Deputy Minister's argument that decisions about how that settlement is spent are a matter for individual local authorities who are accountable to their own electorates. In doing so, however, it would be unfair not to also acknowledge that, whilst local authorities are under a statutory duty to

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<sup>55</sup> HSC Committee, 17 January 2024, Paper 1

<sup>56</sup> HSC Committee, 17 January 2024, Paper 1

<sup>57</sup> RoP [para 105], 17 January 2024

<sup>58</sup> RoP [para 107], 17 January 2024

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provide certain services, they also want to maintain the community services that are relied on by so many, including disabled people, older people and carers. As the WLGA and ADSS have said, local government social services have received no further in-year budget support from Welsh Government, unlike health boards.<sup>59</sup>

**64.** Given the severe pressures faced by the sector, we would like assurances that the Welsh Government will monitor access to social care services, to ensure that everyone who needs care and support is able to access it equitably.

**Recommendation 5.** The Welsh Government should monitor access to social care services, to ensure that budget pressures do not lead to people who are eligible for care and support being denied services.

**65.** We note that, in response to “runaway” social care costs, and requests by local authorities, the Welsh Government is considering raising the cap on charges for domiciliary care, and is currently working through the implications of this.

**66.** We are concerned about the impact of any increase in the cap on charges on the ability of individuals to afford their own care, or to have to cut their care hours, particularly for those most subject to inequalities. We would welcome further information on the timescales for announcements in this area, and ask that this be done in the response to this report.

**Recommendation 6.** The Deputy Minister for Social Services should provide information on the timescales for announcements relating to increasing the cap on charges for domiciliary care.

**67.** In relation to increasing charges for other services, we note this is being considered by the Welsh Government and, again, we are concerned about the impact of any increase on service users. We would be grateful if the Minister would provide further details.

**Recommendation 7.** The Minister for Health and Social Services should provide us with details of all the areas where she is considering increasing charges for service provision, including the likely funds that would be generated and indicative timescales for any proposals.

**68.** We share Disability Wales’ concern about the financial hardships faced by disabled people. We welcome the Deputy Minister’s acknowledgement of the particular difficulties disabled people face as a result of cost-of-living pressures. We understand that the Deputy Minister for SS has received recommendations

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<sup>59</sup> Finance Committee, WGDB\_24-25 51, [Response](#) from ADSS and WLGA

from the Disability Rights Taskforce's working group on Independent Living: Social Care. We would like to receive further information on this.<sup>60</sup>

**Recommendation 8.** The Deputy Minister for Social Services should provide details of the findings of the Disability Rights Taskforce's working group on Independent Living: Social Care, including recommendations made to the Welsh Government and the response; how the Welsh Government plans to implement the recommendations, and the timescales for doing so.

**69.** In relation to the Welsh Government's agenda for eliminating profit from the care of looked-after children, we note this will be the subject of forthcoming legislation and, if the Bill is referred to us, we will examine the policy and financial details at that time.

**70.** As a committee, we have consistently recognised the vital role played by unpaid carers in supporting friends and family members. Without them, health and care services would be overwhelmed. It is, therefore, important that carers themselves receive the help and support they need to enable them to continue caring for others. As such, we were glad to hear that funding for the Short Breaks Scheme will not be reduced next year, and that funding to support the young carers annual festival will also be maintained.

**71.** However, with no additional funding to expand financial support or new schemes for unpaid carers, we remain concerned that the level of allocated funding may not be sufficient to meet demand and deliver the necessary improvements, and to mitigate the likely cuts to day services in the community.

**Recommendation 9.** The Deputy Minister for Social Services should provide details of the Welsh Government's assessment of the level of demand for respite care across Wales and the funding that would be required to meet the needs of all unpaid carers.

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<sup>60</sup> [Written Statement: Update on the Disability Rights Taskforce \(5 October 2023\) | GOV.WALES](#)

## 4. Waiting times recovery

**72.** In April 2022, the Welsh Government published its Planned Care Recovery Plan for transforming and modernising planned care and reducing waiting lists.<sup>61</sup> The plan includes five key ambitions for reducing waiting lists.<sup>62</sup> The Minister’s written evidence says that the Welsh Government will continue to support the annual additional investment of £170m to NHS Wales in support of the plan, and that this will be ringfenced within the main NHS allocation.

**73.** Further, it states that, since the plan was issued and the additional investment provided, there have been consecutive monthly reductions in the number of open patient pathways waiting over 104 weeks.

**74.** The situation remains challenging however. The Committee’s most recent monitoring report highlights that the numbers waiting over two years are falling but the pace of recovery is slower than expected.<sup>63</sup> The target is to eliminate the number of people waiting longer than two years in most specialties by March 2023. In October 2023, over 25,000 patient pathways were still waiting more than two years to start treatment.

**75.** Our monitoring report also highlights that performance against the single cancer pathway target<sup>64</sup> continues to be poor. The most recent NHS activity and performance figures show that, in November 2023, only 53.5 per cent of patient pathways complied with the target.<sup>65</sup>

**76.** The Welsh Government’s evidence paper says that in 2023-24, £50m of the £170m allocation was held to support regional, longer-term delivery models. This, it said, is being allocated on a recurrent ring-fenced basis, “resulting in the full £170m being allocated to Health Boards on a recurrent ring-fenced basis”.<sup>66</sup>

**77.** In her oral evidence, the Minister said she was “frustrated” that the targets had not been met and noted the huge backlog” that has built up since the pandemic. She also said that the numbers of people coming onto waiting lists

<sup>61</sup> [Transforming and modernising planned care and reducing NHS waiting lists](#), Welsh Government, April 2022

<sup>62</sup> Termly monitoring reports tracking the Welsh Government’s progress against the five key ambitions are published on [our website](#).

<sup>63</sup> [NHS waiting times - monitoring November 2023](#)

<sup>64</sup> 75% to start treatment within 62 days

<sup>65</sup> Welsh Government, [NHS activity and performance summary: November and December 2023](#)

<sup>66</sup> HSC Committee, 17 January 2024, Paper 1

was “incredible.” On this point, Nick Wood, Deputy Chief Executive, NHS Wales, told us:

*“In the period between [April 2022 and] now (...) we've seen 2.3 million referrals onto waiting lists (...) and the rate of referral continues to increase.*

*We're seeing, on average, an increase of about 20,000 patients per month compared to pre-pandemic levels (...) So, that's a very challenging position.”<sup>67</sup>*

**78.** He explained that the Recovery Plan sought to increase activity to levels of 110 per cent of pre-pandemic, i.e. a 10 per cent increase on 2019-20 activity levels, which would have enabled a reduction in waiting times. However, in that period, he said that out-patient activity had increased by around 12 per cent, and theatre activity is still 6 per cent below 2019-20 numbers. That, he said, was the issue, and there were a number of reasons for it, including productivity, staff availability and changing needs of patients.

**79.** He said that, although there has been progress with reducing waiting times, this was not at the level they had expected and:

*“the challenge now with the budget position is how we utilise the budget that we've got to really drive productivity.”<sup>68</sup>*

**80.** On this point, we pressed the Minister on the extent to which the challenges with waiting times were related to budgetary matters. The Minister acknowledged that staffing was a challenging aspect of reducing waiting times. As such, she said, there was a need to continue to invest in training the next generation, highlighting that the training budget had not been cut.

**81.** She also drew attention to the elective hubs either in operation or being planned across Wales, saying that the regional approach would help productivity.<sup>69</sup>

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<sup>67</sup> RoP, [para 62], 17 January 2024

<sup>68</sup> RoP, [para 62-66], 17 January 2024

<sup>69</sup> RoP, [para 70], 17 January 2024



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**82.** Nick Wood referred to the impact of inflation, meaning the health service was getting “less value for our pound in terms of the number of procedures that we can do”.<sup>70</sup> He said:

*“What we need to do is make what we've got more productive.”<sup>71</sup>*

## Our view

**83.** Waiting times are clearly a priority issue for the Welsh Government and health boards, and we welcome the efforts and the progress made to date. But, it is clear from the evidence we heard, that the scale of the challenge remains enormous, with significant numbers of people being added to waiting lists every month, on-going workforce issues, inflationary pressures and the problems associated with operating within an ageing estate.

**84.** Despite significant investment of £170m per annum for planned care recovery, targets to reduce outpatient waits to below 52 weeks, and to eliminate the number of people waiting longer than two years to start treatment, have been missed. We wish to hear further from the Minister about when she anticipates these targets will be met.

**Recommendation 10.** The Minister for Health and Social Services should set out when she expects targets for reducing outpatient waits and eliminating two year waits for treatment to be achieved.

**85.** In relation to improving productivity, we were pleased to hear that opportunities for regional working are being pursued, including through the use of elective hubs. As the Minister points out, however, this requires funding, which is in limited supply. We are also unclear about the timescales for progress in this area. Whilst we will continue to monitor progress with waiting times as part of our regular monitoring report, we would appreciate further information from the Minister about development of the regional hubs.

**Recommendation 11.** The Minister for Health and Social Services should provide an up-to-date position on the development of regional hubs across Wales, including timescales, the investment that is required and being made available to support their development, and the impact this work is expected to have on reducing waiting lists.

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<sup>70</sup> RoP. [para 68]. 17 January 2024.

<sup>71</sup> RoP. [para 68]. 17 January 2024.

**86.** As we have already stated, cancer waiting times in Wales are currently amongst the worst they have ever been; this is a source of deep concern for us. Unfortunately, we did not have time during our evidence session with the Minister to discuss this matter, and we would, therefore, be grateful if she would address it in her response to this report.

**Recommendation 12.** The Minister for Health and Social Services should set out how this budget will contribute to improved cancer outcomes for patients across Wales.

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## 5. Health and social care workforce

**87.** The Welsh Government's written evidence says that, despite the difficult financial climate, it continues to invest in the sustainability of the NHS workforce.

**88.** The Minister told us that workforce is a challenge, not just in Wales, but globally. The World Health Organisation has calculated that by 2030, there will be a 10 million shortage of health workers<sup>72</sup>.

### Junior doctors' pay

**89.** On 15 January 2024, junior doctors in Wales began a 72-hour walkout in response to the Welsh Government's planned pay award.

**90.** In August 2023, the Minister announced that she had agreed to implement a pay award of 5 per cent for 2023/24 for those employed in the NHS on Medical and Dental terms and conditions<sup>73</sup>. She said that this pay award offer was at the limits of the finances available to the Welsh Government and that, "without additional funding from UK government, we are not currently in a position to make a higher offer". She pointed out that in the previous year, while junior doctors in England had received a 2 per cent increase, junior doctors in Wales had received 6 per cent plus an additional one-off payment of 1.5 per cent.

**91.** This year, NHS England has offered a 6 per cent uplift<sup>74</sup>. The Welsh Government has not, however, been able to ascertain if this will be funded from a central budget, in which case Wales would be entitled to additional consequential funding, or from within the existing health budget for England, which would mean there would be no such additional funding. The Minister told us that this lack of transparency was making it very difficult for the Welsh Government to plan effectively.

**92.** We pressed the Minister on the efforts that were being made to clarify this issue with the UK Government. Hywel Jones, Director of Finance, Health and Social Service Group, told us that

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<sup>72</sup> [World Health Organization: Health Workforce](#)

<sup>73</sup> [Written Statement: NHS Pay award for Medical and Dental staff 2023/2024](#), August 2023

<sup>74</sup> This offer was rejected by the BMA on 25<sup>th</sup> January 2024 after a ballot of its members.

*"They are questions that officials are constantly asking their counterparts, myself directly with mine, Treasury colleagues and so on, but at this stage there is no clarity."<sup>75</sup>*

**93.** He went on to say that his UK Government counterparts had told him that the source of the funding was:

*"... part of a number of assumptions that England are working through in terms of the NHS position this year, and clarity will follow in terms of second supplementary budgets and other processes".<sup>76</sup>*

**94.** We pressed the Minister on whether the 5 per cent uplift was her final offer. In response, she said:

*"We don't have any more money. (...) So, any thought about going further than that would obviously mean even deeper cuts than what we've had to go into so far, and the alternative, of course, would be to cut within the Welsh health service, and I don't think anybody would thank us for that, with the pressures on the services at the moment."<sup>77</sup>*

**95.** We asked the Minister for figures on the cost of increasing the offer by 1 per cent. She agreed to provide this information but was clear that "it's not an offer we're making."<sup>78</sup> Further, the Minister said it was not a case of simply increasing the offer for junior doctors:

*"(...) can I just make it clear (...) that (...) 5 per cent is what has been offered to everybody across the NHS in Wales, in terms of 'Agenda for Change', and that has been accepted (...). So, once you start saying, 'No, we're going to offer 6 per cent for this,' you can be damn sure that other parts of the Welsh NHS will say, 'Well, what about us?'"<sup>79</sup>*

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<sup>75</sup> RoP [para 26], 17 January 2024.

<sup>76</sup> RoP [para 28], 17 January 2024.

<sup>77</sup> RoP [para 47], 17 January 2024.

<sup>78</sup> RoP [para 57], 17 January 2024.

<sup>79</sup> RoP [para 51], 17 January 2024.

**96.** She said that, whilst the Welsh Government was committed to working towards pay restoration, the money was just not available at the moment”<sup>80</sup>

### Use of agency staff

**97.** The Minister told us that reducing spend on agency staff was a Welsh Government priority. She said that a working group had been set up by the NHS Executive to focus specifically on the issue and that progress was being made.

**98.** Hywel Jones, Director of Finance, Health and Social Services Group, confirmed a forecast spend of £266m in this financial year; a reduction of £59m compared to spending in 2023-24 of £325m.

**99.** We asked the Minister how much of the agency spend over the last two years represented profit for private companies. The Minister agreed to follow-up with those details.<sup>81</sup>

**100.** We also asked whether the Welsh Government was similarly committed to reducing the reliance on locum doctors and, if so, whether we could expect to see a reduction in spend in this area. The Minister confirmed that she was keen to see a decrease in that expenditure.<sup>82</sup> Hywel Jones added that

*“(...) the only thing that I would balance in response is clearly there are instances where having a flexible workforce is really positive, so there will always be a requirement for a locum medical workforce.”<sup>83</sup>*

### Training places

**101.** The Welsh Government’s written evidence states that £281.98 million was invested to support education and training programmes for healthcare professionals in Wales in 2023-24 and this level of funding would be maintained for 2024-25.

**102.** However, on 20 December 2023, the Minister for Finance and Local Government told the Finance Committee that, in order to release funding for frontline services, the education and training budget was being held flat for 2024-

<sup>80</sup> RoP [para 55], 17 January 2024

<sup>81</sup> RoP [para 158], 17 January 2024

<sup>82</sup> RoP [para 156], 17 January 2024

<sup>83</sup> RoP [para 159], 17 January 2024

25, which would mean a reduction in the number of new training places rather than an increase as originally intended.<sup>84</sup>

**103.** When asked if this was likely to result in fewer people being trained, Hywel Jones told us:

*“... strategically, what we're doing from a workforce perspective here is that we're having to temper some of our longer term investment just because of the short-term challenges that we have.*

*So, whilst we are holding the budget flat, we are working with HEIW to finalise how those training places are distributed, and working with them to look to increase the number of commissioned places even within holding that budget flat.*

*So, even within that environment, we have some confidence that we may be able to increase the training places that we're commissioning above 2023-24 levels.”<sup>85</sup>*

## **Social care workforce**

**104.** In her written evidence, the Minister states that £10.5m has been “reprioritised” from the Workforce and Sustainable Social Services grant. This grant has been issued annually to local authorities since 2019 and will be reduced to £34.4m for 2024-25. She says that these funds have been reprioritised to ensure continued delivery of existing activity, and “we are reviewing planned activity and exploring efficiencies and rescoping activity until 2025-26”.

**105.** Unlike previous years, there is no specific funding available to support payment of the Real Living Wage to care workers. In its response to the Finance Committee’s consultation on the draft budget, ADSS Cymru and WLGA noted that workforce issues ‘topped the list of key concerns’ for local authorities:

*“The difficulty of recruiting and retaining social care workers continues to be a major issue highlighted by councils along with recruitment challenges for qualified, high quality Social Workers, particularly in children’s services.*

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<sup>84</sup> Finance Committee, RoP, [para 46], 20 December 2023.

<sup>85</sup> RoP, [para 177], 17 January 2024.

*In order to mitigate some of the recruitment and retention challenges some councils continue to have to rely on the use of agency staff and these costs further add to financial pressures in future years.”<sup>86</sup>*

**106.** They also refer to the results of Social Care Wales’ social care workforce survey<sup>87</sup>, which found that social care workers feel undervalued by the public and underpaid for the work they do:

*“More than a quarter of workers claim they are likely to leave the sector in the next 12 months (26%) and 44% feel at least ‘quite likely’ to leave the sector in the next five years. The most common reason given for expecting to leave in the next 12 months is low pay (66%), while feeling overworked (54%) and poor employment or working conditions (40%) are also significant factors.”<sup>88</sup>*

**107.** We put these points to the Deputy Minister for SS and asked her what the impact might be for the current workforce of a lack of specific funding to support payment of the Real Living Wage to care workers. In response, she told us:

*“(…) the Minister for Finance and Local Government, under whose budget the real living wage comes, (...) has confirmed that there's funding within the revenue settlement to support payment of the real living wage for social care workers. And that was in her letter to council leaders on 20 December.*

*So, we do anticipate that local authorities will be paying the real living wage, and we think it is very important that the social care workers get the real living wage, because there are difficulties in retention and recruitment, and I think keeping the real living wage is absolutely crucial.”<sup>89</sup>*

<sup>86</sup> Finance Committee, WGDB\_24-25 51, Response from ADSS and WLGA

<sup>87</sup> Social Care Wales, [Social care workforce survey 2023](#), October 2023

<sup>88</sup> Finance Committee, WGDB\_24-25 51, Response from ADSS and WLGA

<sup>89</sup> [RoP \[para 170\]. 17 January 2024](#)

## Our view

**108.** As we have already acknowledged, the financial situation in the draft budget is stark, and this has placed constraints upon the Welsh Government in terms of the uplift it is able to offer to medical and dental staff in Wales.

**109.** However, given that workforce is a global marketplace, having the right offer in place at the right time is critical. To that end, we welcome the Minister's commitment to honour the promises made over the last few months to the various parts of the workforce within the health service, and to work towards pay restoration when that is possible.

**110.** Nevertheless, we are very concerned about the implications of a higher pay award over the border for the recruitment and retention of medical staff in Wales, particularly if the recently rejected 6 per cent offer to medical staff in England was to be improved down the line.

**111.** Further, the lack of clarity from the UK Government about the source of the funding for the pay award for medical staff in England is deeply frustrating as, despite repeated efforts, the Welsh Government remains in the dark about whether it can expect a consequential payment for Wales. This situation is unsustainable. It goes to the heart of intergovernmental relations in the UK, and has real-life, practical implications for the on-going delivery of health services in Wales. It must be clarified as a matter of urgency and, to this end, we have written to the Secretary of State for Wales. A copy of our letter and the response will be published on our website.<sup>90</sup>

**112.** We note the Minister's evidence that the 5 per cent uplift represents the Welsh Government's best offer within the current financial constraints. We are, however, unsure whether she would improve the offer if consequential funding from the UK Government became available. We would like her to clarify her position on this.

**113.** Linked to this, the Minister agreed to provide us with figures on the estimated cost of offering an extra 1 per cent to medical and dental staff. We recognise that this is not an offer being made by the Welsh Government.

**Recommendation 13.** The Minister for Health and Social Services should clarify whether she would increase the 5 per cent pay award made to medical and

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<sup>90</sup> [HSC Committee letter, 23 January 2024](#). Secretary of State for Wales [response](#), 5 February 2024.



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dental staff in Wales if additional, consequential funding was made available by the UK Government.

**Recommendation 14.** The Minister for Health and Social Service should provide figures for the estimated cost of offering an additional 1 per cent uplift to medical and dental staff in Wales. In making this recommendation, we note that this is not an offer being made by the Welsh Government.

**114.** The Committee is keen to understand the cost of the recent industrial action for health boards, not just in relation to staffing, but also more broadly, in terms of activity levels. We note that assessments are being undertaken locally by each health board and will then be passed to the Welsh Government for consolidation. The Minister has agreed to share this information with us when it is available.

**Recommendation 15.** The Minister for Health and Social Services should provide us with details of the cost of the recent industrial action for health boards, both in terms of staffing and also as regards levels of activity.

**115.** We understand that pressures on the core NHS workforce, particularly in the last few years, have required the use of agency staff as a flexible, additional resource and that, in some areas in particular, it would have been very difficult to provide services without them. But it is clear that a lack of long term workforce planning has led to an over-reliance on agency staff, which has been very costly for the health service. We are, therefore, glad to hear that reducing spend in this area continues to be a priority for the Minister, and we welcome the reduction in spend this year; clearly these savings need to be carried forward into future years. More broadly, robust and long-term workforce planning is crucial to creating and maintaining a sustainable NHS workforce, and we are aware of the ongoing work within Welsh Government, Health Education and Improvement Wales (HEIW) and health boards on this. This is something we will continue to monitor through our on-going programme of scrutiny.

**116.** We continue to support the Welsh Government's commitment to the Real Living Wage for social care workers. We note that funding has been provided for this purpose within the Revenue Support Grant, and that the Deputy Minister for SS anticipates it will be used by local authorities for this purpose. However, as the Revenue Support Grant is un-hypothecated, we believe that Welsh Government needs to satisfy itself on this point.

**117.** We are concerned with the findings from Social Care Wales that more than a quarter of the social care workforce are likely to leave the sector by the end of this

year, and 44 per cent in the next 5 years, given the existing shortages and rising demand for services.

**Recommendation 16.** The Deputy Minister for Social Services should provide us with details of the work being undertaken by the Welsh Government to retain the significant number of staff who are planning to leave the social care sector by the end of the year.

**118.** We believe that the social care workforce must remain a priority for investment and improvement by the Welsh Government. We are concerned about the significant reduction to the Workforce and Sustainable Social Services Grant. In her written evidence the Minister stated: “we are reviewing planned activity and exploring efficiencies and rescoping activity until 2025-26”.

**Recommendation 17.** The Minister for Health and Social Services should provide us with more information on the planned activity being reviewed as part of the reprioritising of the Workforce and Sustainable Social Services Grant, and commit to keeping the Committee informed about any proposed further changes in this area.

**119.** More broadly, the Minister has previously agreed to provide six-monthly updates on the work of the Social Care Fair Work Forum and actions taken to progress the recommendations made by the Expert Group on the development of a national care service for Wales. We received the first of those updates in June 2023, and we expect to receive the next one shortly.

## 6. Primary care and prevention

**120.** The Welsh Government's draft budget narrative states:

*"In Wales, every month 2m people are in contact with the NHS, in a population of just over 3m people. One-and-a-half million people have contact with primary care services every month."*<sup>91</sup>

**121.** The Welsh NHS Confederation, amongst others, have said that there "must be an explicit shift of resources to prevention/early intervention", and that the NHS is not sustainable without this.<sup>92</sup> It goes on to say that:

*"NHS leaders support an approach to further protect funding for preventative measures that recognise the importance of improving population health outcomes and sustainability of services in the longer term".*<sup>93</sup>

**122.** In advance of our evidence session, we wrote to the Minister asking for information on 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 and community settings.

**123.** In her written response, the Minister stated that, as the majority of funding allocated to health boards to provide health services is not hypothecated,

*"It is (...) 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."*<sup>94</sup>

<sup>91</sup> [Welsh Government, Draft Budget 2024-25: A Budget to Protect the Services which Matter Most to You, December 2023.](#)

<sup>92</sup> [Welsh NHS Confederation, Briefing for the debate on the Welsh Government Spending Priorities, July 2023](#)

<sup>93</sup> *ibid*

<sup>94</sup> [HSC Committee, 17 January 2024, Paper 1](#)

**124.** The Minister’s written evidence says that the Planning Framework issued to health boards in December 2023 “iterates the need for a renewed focus on prevention”, with 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, it states, also outlines our desire to see a greater shift of funding into primary and community care.”

**125.** During our evidence session, the Deputy Minister for MHW told us:

*“We’ve protected resources for prevention, whether that’s ‘Healthy Weight: Healthy Wales’, our work to reduce smoking, our work around vaping. The budget for Public Health Wales—and all their work is really focused on prevention—is £150 million next year. So, there is still a really strong focus in the work that we’re doing on prevention, and (...) The planning framework that the Minister has issued makes it clear that we’re expecting health boards to continue to prioritise prevention.”<sup>95</sup>*

**126.** She went on to reference the £146m provided to regional partnership boards via the regional integration fund, saying that prevention is a “really key theme in the work that they’re doing as well.”<sup>96</sup>

**127.** The Deputy Minister for MHW highlighted the continued investment in the Nutrition Skills for Life and Healthy Start programmes:

*“One of the things that we’ve continued to invest in (...) is Nutrition Skills for Life, (...) which is also about ensuring that people do know how to make healthy meals. We’ve continued as well to invest in our Healthy Start vouchers, which are for the poorest families to have help with the costs of buying things for little children, and we’ve got an ongoing programme of work around that. We’ve spent a lot of time raising awareness of Healthy Start vouchers, and our take-up now is the best in the UK.”<sup>97</sup>*

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<sup>95</sup> RoP [para.195].17 January 2024

<sup>96</sup> RoP [para.195].17 January 2024

<sup>97</sup> RoP [para.185].17 January 2024

**128.** We asked the Minister about the ongoing availability of the NHS Wales chronic obstructive pulmonary disorder, asthma and COVID recovery apps. She told us:

*(...) the COPD apps were developed as part of the respiratory health delivery plan, by the respiratory health implementation group, so that funding came to an end after eight years, as has the procurement arrangements for that respiratory toolkit, and that includes the COPD apps.*

*At the moment, the health boards' executives are arranging for an evaluation of that toolkit, to determine whether that should be reprocured.<sup>98</sup>*

## Our view

**129.** As we have said elsewhere in this report, we recognise the Welsh Government's decision to reprioritise its resources in support of frontline services. We are, concerned, however, that this approach represents a shift away from longer-term, primary prevention, and that this will likely have an adverse impact on population health, as well as the sustainability of the health and care services. We would like to hear more from the Minister on this point in her response to this report, as well as when she expects to be in a position to direct more resources into prevention.

**Recommendation 18.** The Minister for Health and Social Services should set out the impact that the shift in the draft budget from longer-term primary prevention to support for frontline services will have on population health, and the sustainability of health and care services. As part of this, she should set out:

- how progress in delivering her policy aim of shifting more resources out of hospitals towards primary and community-based care is being measured, and
- when she expects to be in a position to direct more resources into longer-term prevention.

**130.** We are aware that a number of organisations have called for Welsh Government draft budgets to take a longer term view, including having

<sup>98</sup> RoP [para 199]. 17 January 2024

‘preventative spend’ as a separate category of spending alongside revenue and capital. Again, we would be interested to hear further from the Minister on this point in her response to this report.

**Recommendation 19.** The Welsh Government should consider introducing, across all its departments, a ‘preventative’ category of spend in future budgets, moving towards a longer term budgeting view in order to help build and protect population health

**131.** We welcome the work that has been undertaken to increase the take up of Healthy Start vouchers, particularly the introduction of mandatory training for health visitors and midwives. This, as the Deputy Minister for MHW highlighted, has driven the take up of Healthy Start vouchers amongst eligible families to over 70 percent.

**132.** We note that the NHS Wales chronic obstructive pulmonary disorder, asthma and COVID recovery apps are currently being evaluated and it will be for individual health boards to decide whether to continue to provide funding for them. We understand that these apps are effective in supporting people to manage their conditions and are concerned that their withdrawal may lead to increased pressure on primary care services to provide this support.

## 7. Mental health

**133.** In her written evidence, the Minister stated that the Welsh Government will continue to ringfence mental health funding for the NHS, and that the draft budget includes £800m for this purpose which, it says, represents an uplift of £25m for “inflationary and demand pressures”.

**134.** However, she also states:

*“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”.<sup>99</sup>*

**135.** We asked the Deputy Minister for MHW to clarify the Welsh Government’s priorities in relation to mental health. Responding to this, she told us:

*“(...) what we’ve chosen to do is prioritise front-line services (...) We increased funding in 2022-23 by £50 million for mental health, in 2023-24 to £75 million, and we had originally hoped to go up to £90 million in the forthcoming year, and we haven’t been able to take that final step of the additional £15 million, because we’ve prioritised the delivery of front-line services.”<sup>100</sup>*

**136.** In relation to the £6 million reduction in the central mental health budget, the Deputy Minister for MHW said:

*“(...) we’ve been able to make that reduction through underspends. (...) we’ve invested so much additional money in mental health that health boards haven’t been able to fill all the vacancies with the service improvement money that we’ve made available. (...) And also just to emphasise to the committee that we’re still fully committed to the mental health workforce plan.”<sup>101</sup>*

<sup>99</sup> HSC Committee, 17 January 2024, Paper 1

<sup>100</sup> [RoP \[para 229\], 17 January 2024](#)

<sup>101</sup> [RoP \[para 230\], 17 January 2024](#)

**137.** We asked the Deputy Minister for MHW how the ring-fenced allocation compared to health boards' actual spend. She said that the ring fence was a "floor" not a maximum that health boards should spend, and that health boards' actual spend on mental health services was considerably more than the ring-fenced allocation. She went on to say that:

*"We will be monitoring the ring fence very rigorously. I had a meeting with vice-chairs last week where I emphasised to them the importance of them monitoring the ring fence within their own health boards, and we've got very developed processes to drive performance in mental health—(...) through the integrated medium-term plans, but also through the work that the NHS executive are doing in our regular meetings with health boards to monitor performance."*<sup>102</sup>

**138.** Responding to questions about funding for substance misuse services, the Deputy Minister for MHW said:

*"(...) we've largely protected substance misuse services. So, the substance misuse action fund (...) we've got a £2 million increase for them in the draft budget. There's also an £812,000 increase in the health board allocations, and we've also protected the funding for children and young people as well that goes out through the APBs for the children and young people's work."*<sup>103</sup>

**139.** She also highlighted that the decision had been taken to withdraw the £1.98m funding from the Wales schools police programme, which provides support in schools in Wales on topics, including substance misuse, online safety and personal wellbeing.

**140.** The Minister's written evidence notes that the Welsh Government's new draft mental health strategy would be published 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*

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<sup>102</sup> RoP [para 232], 17 January 2024

<sup>103</sup> RoP [para 240], 17 January 2024



*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.”<sup>104</sup>*

**141.** The Deputy Minister for MHW confirmed that a new suicide prevention strategy was also due to be published. The strategies would be accompanied by a costed delivery plan which will be reviewed over the strategy’s lifespan.

**142.** Finally, the Minister’s paper highlights £2.2m annual funding for the NHS Wales Executive to develop a strategic programme for mental health and a patient safety programme, which will “provide dedicated resource to NHS Wales to drive improvements in performance, quality and safety”. On this funding, the Deputy Minister for MHW said:

*“I can’t tell you what a difference I think that will make, having that dedicated NHS executive resource with a mental health programme to drive improvements across the NHS in Wales.”<sup>105</sup>*

## Our view

**143.** We are concerned that prioritising frontline services has meant that it will not be possible to increase additional funding in 2024-25 for mental health services by £15m, as originally planned, and that funding for the existing mental health central budget will be reduced by £6m.

**144.** We need to better understand the impact these decisions will have on people’s ability to access timely, effective support, particularly for those groups most subject to mental health inequalities, at a time when other services and sources of support are also being squeezed. We would like to hear from the Deputy Minister for MHW about this, as well as the services or projects that are most likely to be affected by this cut.

**Recommendation 20.** The Deputy Minister for Mental Health and Wellbeing should set out the services, programmes or initiatives that will be most affected by

<sup>104</sup> HSC Committee, 17 January 2024, Paper 1

<sup>105</sup> [RoP \[para 230\], 17 January 2024](#)

not making the £15m uplift for mental health, and the likely impact this will have on mental health outcomes, particularly for groups most subject to inequalities.

**145.** We were pleased to hear that mental health funding for the NHS will continue to be ringfenced, that this will take account of inflation and demand pressures, and that the Deputy Minister for MHW will be rigorously monitoring the ringfence. We will follow-up on this during the next draft budget round. In the meantime, we would like to receive more information on the actual spend by individual health boards against the ring fence, so that we can get a clearer understanding of mental health spend, and demand, across Wales.

**Recommendation 21.** The Deputy Minister for Mental Health and Wellbeing should provide us with figures for the actual spend by individual health boards against the mental health ring fenced funding.

**146.** We welcome the Deputy Minister’s assurance that funding for substance misuse services had been largely protected and look forward to receiving further details in due course.

**147.** We note that the draft mental health strategy will be published early in the new year, and that it “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 Committee’s recommendations”. We received the first annual update against our report in January.

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## 8. Capital and infrastructure

### Estate

**148.** In its response to the Finance Committee, the Welsh NHS Confederation highlighted the lack of capital funding and investment as a major barrier to service delivery now and in the future:

*“We need a funding solution from the Welsh Government for major capital infrastructure work required to keep services running in their current configuration.*

*We have called on the Welsh Government to develop a ten-year investment plan for service change to reshape NHS estates and infrastructure, including digital infrastructure, making it more sustainable, reducing carbon emissions and maximising public assets.”<sup>106</sup>*

**149.** In her written evidence, the Minister states that the Health and Social Services 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.

**150.** It also says that 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.

**151.** Additionally, we heard that the presence of Reinforced Autoclaved Aerated Concrete (RAAC) requires continued investment across two main sites in NHS Wales – Withybush and Nevill Hall.<sup>107</sup>

**152.** We put these points to the Minister during our evidence session. In response, she told us:

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<sup>106</sup> Finance Committee, WGDB\_24-25 42, Response from the Welsh NHS Confederation

<sup>107</sup> HSC Committee, 17 January 2024, Paper 1

*"I have lots of frustrations in my job, not having enough money for capital is right up there at the top. Because if you do want to transform things, you do need some capital."*<sup>108</sup>

**153.** She went on to say:

*"(...) we are delivering some significant new investments in Wales. But what we have to do, in the light of the fact that we only have £380 million, is to prioritise, and it is difficult to prioritise when you've got all of those additional things going on.*

*And if you look at next year's budget, the fact is that about 80 per cent of the capital budget is already committed—because capital doesn't stop from one year to another; you can't build a hospital in a year or a health centre in a year—so, a lot of that money is already committed."*<sup>109</sup>

## Digitalisation

**154.** 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.

**155.** The Minister told us:

*"It's not easy to do digital transformation in the NHS; history is littered with people who've tried to transform digital in the NHS and have failed, so we're trying to do that very carefully.*

*Of course, we have Digital Health and Care Wales, who have made real progress, but obviously we'd like to go further and we'd like to go faster in this space."*<sup>110</sup>

**156.** The Minister's evidence highlighted a number of recent developments, including:

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<sup>108</sup> RoP [para 255], 17 January 2024.

<sup>109</sup> RoP [para 257], 17 January 2024.

<sup>110</sup> RoP [para 259], 17 January 2024.

- The launch of the NHS Wales app;
- The launch of the Electronic Prescription Service;
- a £6m Capital investment in Cyber security devices and infrastructure across the NHS Wales estate.

**157.** She also confirmed that there was potentially up to £5 million additional funding from outside the digital priorities investment fund available for developing more community enhanced programmes, such as Telehealth and virtual wards.

**158.** However, in her written evidence, the Minister confirmed that the reprioritisation of funding within the HSS MEG has meant that the Welsh Government will reduce its contribution to the work on digital inclusion, through the Digital Communities Wales programme, in the Social Justice MEG. She went on to state:

*“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.”<sup>111</sup>*

**159.** In its written evidence as part our scrutiny of Digital Health and Care Wales (DCHW), DCHW identified a lack of capital funding as a challenge. It noted the reduction in the Digital Priorities Investment Fund from £25m to £10m in 2022-23, and suggested this could inhibit its ability to respond to new digital and service priorities.<sup>112</sup>

**160.** Aneurin Bevan UHB similarly noted the need for difficult decisions to be taken as “infrastructure for key systems used in everyday care delivery must compete on a risk basis with front line clinical programmes of work”.<sup>113</sup>

<sup>111</sup> HSC Committee, 17 January 2024, Paper 1

<sup>112</sup> [Scrutiny of Digital Health and Care Wales](#), July 2023

<sup>113</sup> [Scrutiny of Digital Health and Care Wales](#), July 2023

## Our view

**161.** In her evidence, the Minister has acknowledged the need to get the balance right between “keeping the wheels on the bus today” and transforming services for tomorrow. But, as others have pointed out, lack of capital funding and investment is a barrier to service delivery *now*, not just in the future. We would like to hear further from the Minister about where the limited capital funding being provided in the draft budget will be targeted, and whether health board’s long term plans for capital investment are aligned with the Minister’s own priorities.

**Recommendation 22.** The Minister for Health and Social Services should provide information about how the capital allocations in the 2024-25 draft budget align to the priorities outlined in her December 2023 letter to health boards to inform their 2024-25 Integrated Medium-Term Plans. In doing so, she should identify any changes that have been made to previous capital allocations or spending plans.

**162.** We have heard repeatedly that improving digital services and infrastructure is a priority for the Welsh Government but, as part of this draft budget, funding for the digital strategy for health and social care has been reprioritised, and there has also been a cut to the digital inclusion budget in the Social Justice MEG, which will affect the Digital Communities Wales programme. We wish to explore the impact of this further with the Minister.

**Recommendation 23.** The Minister for Health and Social Services should set out the activities, outputs and outcomes to improve digital infrastructure and inclusion that will be most affected by the cuts to funding for the digital strategy for health and social care and the digital inclusion budget. This should include an assessment of:

- the implications of the cuts for those communities most at risk of digital exclusion, who are more reliant on health services undergoing digital transformation, and
- the likely impact of these cuts on inequalities regarding people’s access to health information and telehealth services.