

Welsh Government draft budget 2025-26

February 2025

1. Introduction

1. This report sets out the views of the Health and Social Care Committee on the Welsh Government's draft budget for 2025-26.

Background

2. On 10 December 2024, the Welsh Government published its draft budget 2025-26, which set out its resource and capital spending and taxation plans for 2025-26.

3. The draft budget narrative, 'A budget for a brighter future', states:

"This Draft Budget 2025-26 is not a panacea. It will not fix everything – nor should we expect it to. For many areas, the resource settlements are tight, and pressures remain. The overall financial climate in which we all operate remains challenging. But for the first time, in a long time, this budget provides us with optimism about a brighter future."

4. The draft Budget narrative states that "it has aligned spending decisions in the 2025-26 draft budget with the First Minister's four priorities". One of the First Minister's four priority areas is 'Iechyd da' - A Healthier Wales, focused on:

- Reducing NHS waiting times;
- Improving access to mental health services;

¹ [Welsh Government. Draft Budget 2025-26: A budget for a brighter future](#)



- Improving access to social care; and
- Improving services for women's health.

Scrutiny approach

5. Our scrutiny of the draft budget 2025-26 has been informed by:

- consideration of the cross-cutting themes outlined in our Sixth Senedd strategy.²
- written³ evidence from the Cabinet Secretary for Health and Social Care (“the Cabinet Secretary”), the Minister for Children and Social Care (“CSC”) and the Minister for Mental Health and Wellbeing (“MHW”)⁴.
- oral evidence⁵ from the Cabinet Secretary and Minister for CSC and their officials. The Minister for MHW was unable to attend the scrutiny session, so questions have been put to her in writing
- consideration of evidence gathered by the Finance Committee during its scrutiny, including its consultation and engagement on potential areas of priority.⁶

² Health and Social Care Committee, [Sixth Senedd strategy](#), December 2021

³ HSC Committee, 16 January 2025, Paper 1

⁴ The Minister for Mental Health and Wellbeing was unable to give oral evidence due to illness

⁵ Health and Social Care Committee, Record of Proceedings], 16 January 2025

⁶ Finance Committee, [Welsh Government draft budget 2025-26](#) [accessed January 2025]

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Recommendation 10. The Welsh Government should provide further details about the conversations with health boards regarding the de-prioritisation of services. This should include the criteria used to prioritise services, the timeline for finalising these decisions, and how the outcomes of these decisions will be communicated to the public. Regular updates should be provided to the Senedd to ensure transparency throughout the process.....20

Recommendation 11. The Welsh Government should outline what its' response will be if health boards' plans are deemed insufficient and fail to meet expectations for reducing NHS waiting times and addressing the backlog. This should include clear contingency measures for areas or specialties where backlogs remain stubbornly high. Additionally, the government should clarify how flexible the budget is in responding to sudden increases in demand for specific services or specialties, and whether any in-year investments or adjustments are anticipated to support these needs. This would help ensure that resources can be swiftly directed to areas of greatest need without compromising overall health system priorities.....22

Recommendation 12. The Welsh Government should outline a clear strategy for addressing the backlog in estate maintenance and capital investment needs, including how it plans to balance the financial constraints with the critical need for investments in infrastructure, diagnostics, and digital services. The government should also consider whether reallocation of capital funding from other areas is necessary in the 2025-26 budget to address these pressing issues and ensure long-term service transformation and improved productivity.....25

Recommendation 13. The Welsh Government should provide a detailed plan for accelerating its efforts to achieve the required level of digital sophistication in the health system. It should outline specific measures to manage risks related to overspending and underperformance in digital transformation, drawing on lessons learned from previous efforts. Additionally, the government should ensure robust oversight and accountability in its digital initiatives to guarantee that progress is made efficiently and effectively.....25

Recommendation 14. The Welsh Government should clarify when it expects the national digital architecture to be fully established, and the timeline for seeing measurable improvements in interoperability across health boards.....25

Recommendation 15. The Welsh Government should write to this Committee setting out how it has prioritised funding for social care within this draft budget. 29

Recommendation 16. The Welsh Government should provide further information on the timescales for publication of social care workforce data. 29

Recommendation 17. The Welsh Government should provide an annual update to the Committee on the work being undertaken to recruit and retain staff in the social care sector. This should include information on progress in improving access to sickness pay for social care workers.30

Recommendation 18. The Welsh Government should report back to this Committee with its findings, once the review of the Real Living Wage has been completed. 30

Recommendation 19. The Welsh Government should provide increased, sustainable funding for respite care, given the demand and the level of unmet need identified by carers.34

Recommendation 20. The Welsh Government should, as a matter of urgency:

- set out its assessment of the impact of the proposed changes to National Insurance Contributions on those delivering publicly commissioned health and care services, and the subsequent impact this will have on our health and social care sectors;
- provide further information on how it intends to support those providers.34

2. Funding for health and social care

Overview

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

8. For 2025-26, the HSC MEG received the most significant increases; £435m of additional Resource funding and £175m of additional Capital funding to assist in the ongoing work to reduce long NHS waiting times, improve access to care and services for women’s health, and to support workforce pay awards. This is building on the additional funding already agreed for 2024-25.

9. Taken together, the increase in funding over the last two years in health and social care is over £880 million, or 8%, with the majority of this supporting workforce pay. The Cabinet Secretary’s paper states:

“The approach to this budget has been to ensure that the NHS is supported with a settlement for pay and inescapable demand growth and inflation, that is sustainable and will enable the delivery of balanced plans for 2025-26. This is essential in order for the NHS to be able to deliver on improvements in performance, outcomes and financial plans. Part of these plans will be the actions being taken to support the key deliverables of ‘lechydd da’ - A Healthier Wales.”⁷

Funding for NHS Wales

10. The Welsh Government allocates a substantial portion of its health budget directly to Local Health Boards and NHS Trusts to address the specific healthcare needs of their communities. To ensure alignment with national health priorities, these organisations are guided by the NHS Wales Planning Framework and Health Board Allocation letter⁸, which outline strategic directions and expectations.

11. In accordance with the NHS (Wales) Act 2006, as amended by the NHS Finance (Wales) Act 2014, Local Health Boards and NHS Trusts have a statutory

⁷ HSC Committee, 16 January 2025, Paper 1

⁸ [Health Board Allocations: 2025 to 2026](#)

duty to prepare Integrated Medium-Term Plans (IMTPs). These plans detail how they intend to deliver services in line with national priorities and within allocated resources. The Welsh Ministers review and approve these IMTPs, ensuring they reflect governmental objectives and effectively address the health needs of the population.

12. Health boards are expected to account for winter pressures (flu, Covid, etc) when creating their IMTPs. National support is provided, and health boards share their seasonal plans with the government, which helps in managing these pressures.

Funding for social care

13. The majority of local authority social service funding is delivered through the un-hypothecated general revenue settlement and local authorities' own resources from council tax, and other income. The Welsh Government says control and direction of this investment (including in relation to stabilising and supporting domiciliary and residential care) is determined by individual local authorities.

14. The HSC MEG provides some direct funding for social care via a series of funds and grants. The Cabinet Secretary's evidence paper says over £141 million will be allocated to deliver social care policy goals and Programme for Government commitments "such as eliminating profit from certain types of children's social care and building more integrated health and social care services, supporting carers and also focusing sharply on reducing pathways of care delays". The paper gives the Social Care Reform Fund as an example, which it says is used to support reform, "improve delivery and increase the sustainability of services across the social care sector".⁹

15. The Cabinet Secretary for Finance and the Welsh Language told the Finance Committee that the grants include "£52 million for social care reform; £45 million in the social care workforce grant; £26 million to Social Care Wales; £10 million in the social services sustainability grant".¹⁰

16. The Welsh Government has also maintained the £146.2million Health and Social Regional Integration Fund (RIF) which it says is helping health, social care and the third sector to work together to develop integrated models of care.

⁹ HSC Committee, 16 January 2025, Paper 1

¹⁰ Finance Committee, 12 December 2024, paragraph 136

17. Outside of the HSC MEG, social care is directly supported by local authorities via the Revenue Support Grant (RSG). In 2025-26, the RSG in the Local Government MEG, will increase by £235 million “to reflect the additional pressures being experienced by local authorities”. The Cabinet Secretary’s evidence paper says roughly 30% of local authorities’ funding is spent on social care.

18. The Cabinet Secretary for Housing and Local Government says core revenue funding for local government in 2025-26 will increase by 4.3% on a like-for-like basis compared to the current year.¹¹

Health and NHS sustainability

19. The Cabinet Secretary’s paper highlights the importance of providing adequate funding to the NHS to cover unavoidable costs, ensuring that existing services can be maintained.

20. It goes on to say that the unavoidable demand growth and inescapable inflationary pressures have been considered carefully in setting the planning assumptions for NHS Wales. The Cabinet Secretary told us that around £150 million is allocated within the additional £435 million to Health and Social Care MEG to cover basic needs.

21. A portion of the £435 million allocated budget, not determined at the time of our scrutiny, has also been set aside for staff pay increases for next year and contract negotiations for general medical services, dental, and pharmacy.

22. The Cabinet Secretary added that he wants to see savings, efficiencies and improved productivity within the NHS and that Health Boards will, again, be set challenging savings targets to deliver balanced financial plans for 2025-26.

23. We asked the Cabinet Secretary to what extent the additional £435 million allocated to Health and Social Care MEG would remain to invest in the delivery of key priorities and long-term transformation. He explained that not all of the £435 million will go directly to the NHS; that the focus is on sustaining essential services first, then addressing pay and additional government priorities. The Cabinet Secretary told us that around £65 million had been allocated for new investments, including the childcare offer, workforce training, digital projects, women’s health and hospice support.

¹¹ LGH Committee, 15 January 2025, paragraph 189

24. He added that a £30 million fund had been dedicated to digital projects aimed at improving productivity and performance, supported by modern equipment and diagnostic tools:

"[...] if you were to look at where the transformation of services is underpinned [...] in the budget next year, some of those will be in the capital allocations, as you'd expect them to be. So, in addition to the [...] business as usual requirements of the capital budget for digital, which is around kit and ensuring that we have modern equipment for the digital programme that we have, then there is funding for additional diagnostic equipment, which will have a bearing on increasing our productivity."¹²

Allocations and outcomes

25. We asked the Cabinet Secretary how the outcomes of the NHS Wales Planning Framework 2025-2028 and 2025-26 Health Board Allocations would be evaluated to determine if the priorities set are realistic within the available funding.

26. He told us that there is a planning process, which sits alongside the allocations process. He said that the Welsh Government, through the planning framework and allocation letter, has been very specific with health boards regarding their expectations and the interventions that health boards should implement to align with government priorities. He emphasised that this would enable the government 'to measure outcomes against a very clear framework of expectations'.¹³

Our view

27. While this year's budget presents a less challenging backdrop compared to previous years, the NHS in Wales faces rising costs due to factors such as pay increases, the growing cost of medicines, inflation, and increasing demand for services. As a result, health boards will need to take a range of actions to manage these pressures and deliver the necessary services for 2025-26.

28. On the face of it, this budget appears to provide a significant uplift to the Health and Social Care MEG, but much of this increase will be absorbed by the

¹² RoP, 16 January 2025, paragraph 19

¹³ RoP, 16 January 2025, paragraph 27

rising costs associated with inflation and growing demand within the NHS, while the outcomes of pay and contract negotiations remain uncertain.

29. We understand the significant, immediate pressures facing the NHS, including inflation and rising demand, and it is clear that this budget is heavily focused on addressing these challenges. However, with only £65 million out of the £435 million allocated for new investment, it appears unlikely that this budget will drive the long-term transformation needed to ensure a sustainable and improved health system for the future.

Recommendation 1. The Welsh Government should set out more clearly how the funding for 2025-26 aligns with the broader strategic goals for NHS modernisation in the longer term, and the provisions that are in place for scaling up successful transformation projects.

30. Further, we note that each year, the NHS faces significant winter pressures, with increased demand for urgent care and services. Despite the Welsh Government's awareness of these perennial challenges, every winter brings reports of these perennial pressures, with reports of critical incidents in A&E departments, ambulance queues outside hospitals and delays in treatment. This raises concerns about the adequacy of planning to manage these pressures. A more structured and forward-thinking approach is essential to better equip the NHS to handle winter demand and avoid recurring crises.

31. Given that a significant portion of the health budget is allocated to health boards to deliver services based on both government priorities and the needs of their local populations, it is crucial that there is a more transparent and accountable process for monitoring health boards' spending decisions. This will ensure that the funding is used effectively and in alignment with overarching government priorities.

32. It is also disappointing that, despite being accepted by the Welsh Government, a number of the recommendations made by this Committee in last year's budget report have not been implemented. In particular, the Cabinet Secretary's Health Board Allocation letter and NHS Planning Framework 2025-2028, which guide health boards' Integrated Medium-Term Plans were not published ahead of draft budget scrutiny. We had to request these documents to support our scrutiny. While the Cabinet Secretary frequently referenced the Framework, stating it was published in December 2024, it was not publicly available on the day of our scrutiny session, and has only been published very recently. This is unacceptable. In saying this, we acknowledge the Cabinet

Secretary's plans to integrate the planning, performance, and quality guidance into a single approach next year.

33. Additionally, we asked for an annual update on the work of the Value and Sustainability Board, including the efficiencies implemented and the opportunities identified to support financial improvement, which has not been provided. We would like to receive the annual update before the final budget debate.

Recommendation 2. The Welsh Government should provide the annual update on the work of the Value and Sustainability Board to this Committee one week before the final budget debate.

3. Policy priorities

A Healthier Wales

34. When asked if provision had been made for additional funding to support 'A Healthier Wales', the Cabinet Secretary said that as 'A Healthier Wales' is the overall strategy of the Welsh Government in relation to health system improvements, he would make the argument that the entire budget is there to deliver it.

35. We also asked about the priority given to prevention, particularly in light of the recent Audit Wales report on cancer services¹⁴, and whether there would be an increase in the budget allocations for preventative programmes.

36. The Cabinet Secretary said that preventative programmes are relevant to more than one disease - obesity is relevant to cancer, but also to diabetes and many other conditions. Therefore, he argued that it is not sensible to break down preventative work per disease:

"There are a variety of things in the budget that increase the funding available for preventative work. [...] £350 million in the budget has been earmarked for preventative work more generally. As you know, one of the challenges, [...] is that, as our budget is provided to health boards, the preventative budget is spent on the ground within those budgets. In the past, we have done work to find out how much preventive investment is

¹⁴ [Audit Wales: Cancer Services in Wales, January 2025](#)

happening across the service—so that is the £350 million-ish that I just mentioned [...] but also what health boards are investing.”¹⁵

37. He went on to say that work was ongoing to try to find a formula or mechanism that could track and measure the impact of preventative investments at the grassroots level. He said this will create a clearer picture of how funds are being used for prevention, both from the Government and health boards on the ground.

Women’s health plan

38. The NHS Wales Women’s Health Plan 2025-35 was published in December 2024. The Cabinet Secretary’s paper states:

“This sets out how the NHS will meet the ambitions of the Quality Statement for Women and Girls health and address the health inequalities currently faced by women through clear actions to improve service delivery. An additional £3 million has been allocated to Women’s Health from April 2025 for delivery of the actions in the Plan, with a particular focus on establishing pathfinder women’s health hubs in each health board.”¹⁶

39. We raised concerns about whether the £3 million allocated for women’s health would be sufficient to meet the actions set out in the Women’s Health Plan. Given this is a top ministerial priority, we questioned whether this funding was adequate, especially considering that it represents only a small fraction of the overall health budget.

40. In response, the Cabinet Secretary told us that this was not the only funding directed towards women’s health. He said:

“The health boards are tasked with meeting the needs of their local population. In most parts of Wales, the population is 51 per cent plus women, so that is, actually, where the health plan will be delivered in practice. What the £3 million is there to do is, essentially, to fund the establishment of the women’s health hubs in each health board area in Wales. That’s got a specific

¹⁵ RoP, 16 January 2025, paragraph 40

¹⁶ HCS Committee, 16 January 2025, Paper 1

*cost implication, which is above and beyond the operations of the health service in a customary sense, so that's where that figure comes from.*¹⁷

Mental Health

41. The Cabinet Secretary's paper states that mental health funding for the NHS continues to be ringfenced and in 2025-26 will amount to over £820m:

*"We have also continued to invest in developments like 111 press 2 to and alternatives to admissions which are key components of our future priorities."*¹⁸

42. It further states that £2.2 million is being invested annually in the NHS Executive for the Strategic Programme for Mental Health which is providing a dedicated resource to NHS Wales to drive improvements in performance, quality and safety:

*"This is part of our significant programme of work to improve mental health and well-being, for instance through our Whole School Approach, NEST/NYTH and our Strategic Mental Health Workforce Plan."*¹⁹

43. It also highlights that, following the publication of the consultation summary reports for the mental health and wellbeing²⁰ and suicide and self-harm prevention²¹ strategies, the Welsh Government are continuing to develop the final strategies and delivery plans.

Social care reform

44. In January 2025, the UK Government announced plans for a new commission on social care reform²². Split over 2 phases, the commission will set out a vision for adult social care, with recommended measures and a roadmap for delivery. The second phase, which will look at paying for care reforms, will not report until 2028, which some believe is too late, given the urgency of the

¹⁷ RoP, 16 January 2025, paragraph 324

¹⁸ HCS Committee, 16 January 2025, Paper 1

¹⁹ HCS Committee, 16 January 2025, Paper 1

²⁰ [Draft mental health and wellbeing strategy: Summary of responses](#)

²¹ [Draft suicide and self-harm prevention strategy: Summary of responses](#)

²² [Press release: New reforms and independent commission to transform social care](#)

situation.²³ We asked the Minister for CSC for her views on the English approach and whether this would have any impact on what is happening in Wales in terms of social care reform.

45. The Minister said that she had been in discussions with UK Government Ministers and there is a lot of overlap between what is proposed in England and work already being done in Wales. She highlighted the work of the Expert Group and said that they were currently three years into the Welsh Government's 10 year implementation programme for 'delivering a national care service that is free at the point of need'. She referred to research the Welsh Government has commissioned on this and said the first report is expected in spring of this year, which will then inform the next phase of work.

46. She said that the programme is 'very, very ambitious'²⁴ and the Welsh Government does not underestimate the scale of the task, but:

"We know that social care, as it stands at the moment, is really not sustainable. To do nothing with social care is not an option."²⁵

47. She went on to say that the work in England is primarily targeted at adult social care, while the changes that are taking place in Wales are across adult and children's social care:

"And we've made it very clear to the UK Government that anything that they do in this space, if we were to work in co-operation with them and deliver on some of the same areas, that it would have to be across adult and children's social care—we don't separate the two out."²⁶

Integration of health and social care

48. In response to a question about the integration of funding for health and social care, the Cabinet Secretary said 'the obvious challenge in the system is that we have separate budgets clearly for health and for social care'. He said that ways need to be found for local authorities and health boards to work together so that those boundaries are more porous and less of a factor:

²³ [King's Fund responds to Department of Health and Social Care announcement of a Commission on Social Care](#)

²⁴ RoP, 16 January 2025, paragraph 140

²⁵ RoP, 16 January 2025, paragraph 140

²⁶ RoP, 16 January 2025, paragraph 48

“Clearly, the regional partnership boards have a role to play in that, partly about changing behaviours and encouraging ways of working that are collaborative and joined up as ways of working, but also, significant sums of money are invested through the regional partnership boards. So, the regional integration fund is the largest of those at about just under £150 million, but there are also other funds.”²⁷

49. He went on to highlight the work around the 50-day challenge, which was supported by around £19 million-worth of funding for reablement and to support GPs to work in care homes and other interventions:

“[] we tasked regions with identifying the 25 per cent of patients who'd been waiting longest to be discharged from hospital and who were ready to go, if you like, and develop a plan specifically for those. I'm pleased to say that most of those were, in fact, discharged during the month of December. For those who haven't, I think it's about 80 per cent of them who now have an agreed discharge plan. So, I think you can absolutely see the benefits of regional joint working and how budgets can be pooled to deliver some of that.”²⁸

Our view

50. The Welsh Government has repeatedly assured the Committee, over many years, that it has specific funding earmarked for preventative work. Its strategies, including *A Healthier Wales*, emphasise the importance of shifting future spending toward more effective preventative approaches. However, it is disappointing that the Welsh Government has yet to demonstrate a significant shift in health spending allocations toward prevention, despite identifying it as a priority.

51. The Welsh Government states that £350 million is allocated to prevention initiatives and that health boards have their own preventative budgets. However, the Committee finds it difficult to gain a clear understanding of overall spending on prevention, including the contribution made by Public Health Wales to this total. The Cabinet Secretary informed us that work is underway to establish a mechanism to track and measure the impact of preventative investments. We

²⁷ RoP, 16 January 2025, paragraph 57

²⁸ RoP, 16 January 2025, paragraph 59

believe he should set out a timescale for the completion of this work and the publication of its findings.

Recommendation 3. The Welsh Government should provide a comprehensive breakdown of preventative spending across all NHS bodies in Wales, along with detailed evidence of how the allocated £350 million is being used.

Recommendation 4. The Welsh Government should set out a timescale for the completion of its work to establish a mechanism to track and measure the impact of preventative investments, and should commit to publishing its findings in this area.

52. In relation to delivery of the Women's Health Plan, given the scale of the task in this area, and the First Minister's identification of this as a top priority, we are concerned that the £3 million allocated for this purpose is insufficient. At just a small fraction of the overall health budget, this funding falls short of what is needed to meaningfully address the health needs of women across Wales. While the establishment of women's health hubs in each health board is a positive step, the focus seems heavily centred on gynaecological health, with insufficient attention to broader issues such as closing the gender health gap.

Recommendation 5. The Welsh Government should provide greater clarity on the specific role and scope of the women's health hubs, including how they will tackle a wider range of women's health issues and effectively address the gender health gap.

Recommendation 6. The Welsh Government should provide a more comprehensive, sustainable funding commitment to meet the needs of women and ensure the Women's Health Plan delivers tangible, long-term, measurable results.

53. In relation to mental health, we are pleased that the mental health ring-fence continues to be protected and that there has been some increase in funding to account for demand growth and inflationary pressures. However, we note that the Welsh Government has stated there will be no additional funding for mental health and that efficiencies will be required. It remains unclear what specific services or programmes are supported by the £830 million allocated to mental health, or how the ring-fenced funding is distributed across different health boards. Additionally, we remain concerned about the long waiting times for neurodevelopmental services. As such, mental health funding is an issue the Committee intends to revisit.

54. As regards social care reform, we agree with the Minister for Children and Social Care that the current state of social care is unsustainable and to do nothing is not an option. The 10 year implementation programme for a national care and support service that is free at the point of need is extremely ambitious, and we are concerned about the Welsh Government’s ability to deliver this, particularly as we are already three years into the programme.

Recommendation 7. The Welsh Government should provide annual updates on the progress of the work to deliver a national care and support service which is free at the point of need.

4. Health boards’ financial position

Overview

55. As discussed, the Cabinet Secretary’s paper highlights the rising costs of NHS services, driven by increasing demand (e.g., ageing population, complex conditions) and inflation. It explains that meeting savings targets and managing cost pressures require careful planning and action, with efficiency and savings expectations from both Welsh and UK Governments.

56. NHS Wales is expected to save £220 million in 2025-26 (2% of its total budget), building on savings of £260 million in 2023-24 and £267m in 2024-25. These targets reflect the challenges of managing large public organisations under strict financial constraints.

57. The £220 million savings target for 2025-26 aims to ensure efficiency and reduce waste, requiring health boards to find ways to "do more with less," through improved processes, reducing administrative costs, and renegotiating supplier contracts. However, achieving savings while transforming services—such as adopting new technologies or redesigning care models—requires upfront investment.

58. The Welsh NHS Confederation notes that further savings will be harder to achieve without new investments in transformation, a challenge the Cabinet Secretary acknowledges in his paper. The Welsh NHS Confederation say:

“NHS organisations are concerned that the focus on financial requirements could drive short-term decision making, shelving

efficiency investment such as digital and service reconfiguration, and in some cases false economies.”²⁹

59. The new NHS Wales Planning Framework 2025-2028 puts a greater emphasis on savings, efficiency and productivity. It sets the expectation that health boards must achieve a sustainable financial position, with an emphasis on identifying savings in non-core areas and overheads to protect frontline spending. At the same time, there is an expectation for an increased focus on the delivery of key priorities.

Health Board’s financial performance and planning

60. The Cabinet Secretary’s paper updates the overall financial performance of health boards, including the projected end-of-year financial position for 2024- 25. Despite an increase in budget allocation, 6 out of 7 health boards submitted deficit annual plans, with a combined projected deficit of £220 million. To address this, the Welsh Government allocated £104 million to health boards, and an additional £8 million specifically for Cwm Taf Morgannwg University Health Board to address roof repairs at Princess of Wales Hospital, bringing the total in-year allocation to £112 million.

61. Additionally, £116 million was kept within the overall NHS budget to help offset the remaining deficit. The Welsh Government’s goal is to reduce the combined deficit to £85 million, down from £220 million. Health boards have already achieved £168 million in efficiency savings, and a further £52 million in savings is planned to help balance the budget, with the overall health budget forecasted to break even.

62. We asked the Cabinet Secretary if he believed sufficient funding had been allocated in the 2025-26 budget to ensure that health boards could bring forward a balanced budget next year.

63. He said that some health boards would not be able to get to a balanced budget next year, but ‘we will have set them a figure that they will need to deliver in order to have met the plans that they have been set, effectively.’ And that varied across health boards, as they each have a different financial profile.

64. In response to a question about de-prioritisation of services, the Cabinet Secretary said he would be having conversations with Chairs and Chief Executives over the coming months about what might need to be deprioritised, and

²⁹ [WGBD25-26\(6\)69: Welsh NHS Confederation](#)

alongside that he would also want to have a conversation about an ongoing streamlining of the way demands are made of the system.

Our view

65. The Welsh Government has allocated substantial funding to health boards, including providing additional in-year funding to address financial pressures. However, many health boards have faced ongoing challenges in meeting their financial duties, requiring further government intervention to stabilise their finances. This situation is not sustainable. Health boards must be able to operate within their allocated budgets.

66. We acknowledge that the Welsh Government's budget provision for 2025-26 seeks to address deficits and support health boards in achieving financial balance. However, we remain concerned that some health boards will continue to face challenges in maintaining balanced budgets.

Recommendation 8. The Welsh Government should set out what contingency plans are in place if health boards fail to meet their financial targets or cannot balance their budgets next year.

67. We believe, as a matter of urgency, that the Welsh Government should develop and implement measures to reduce reliance on centrally retained funding to cover recurring deficits, enabling greater flexibility in the overall health budget. To ensure transparency and accountability, regular progress updates and evaluations of the effectiveness of these measures should be provided to the Senedd.

Recommendation 9. The Welsh Government should undertake and publish a comprehensive review of the factors contributing to health boards' financial challenges, including the adequacy of the funding formula, population demands, service expenditure, and productivity issues. Based on this analysis, the Government should develop and implement targeted strategies to address these challenges and support health boards in achieving financial sustainability.

68. The Welsh Government's priority must be to ensure that health boards, which receive significant funding allocations, can achieve their savings targets without compromising the quality of patient care, particularly in critical areas such as cancer services, mental health, and planned care. Additionally, we understand that, in order to balance the budget, some de-prioritisation of NHS services may be necessary.

69. We appreciate that discussions around this have only just begun. However, it is crucial for transparency that these decisions are clearly communicated, and that the specific areas or services being considered for de-prioritisation are shared with the public. The Welsh Government must ensure that the process does not disproportionately impact vulnerable populations or lead to worse health outcomes. Furthermore, it is important to understand how the government will measure the impact of de-prioritisation on both health outcomes and financial sustainability.

Recommendation 10. The Welsh Government should provide further details about the conversations with health boards regarding the de-prioritisation of services. This should include the criteria used to prioritise services, the timeline for finalising these decisions, and how the outcomes of these decisions will be communicated to the public. Regular updates should be provided to the Senedd to ensure transparency throughout the process.

5. NHS waiting lists

70. Reducing NHS waiting times is the First Minister's top priority. Significant investment is being made in planned care through the Planned Care Recovery Fund, transformation funding, and other sources to achieve this goal.

71. The Welsh Government provided £170 million in recurrent funding starting in 2022, and an additional £50 million in 2024-25, specifically to reduce NHS waiting times. Despite this, waiting times remain high.

72. The Cabinet Secretary's paper states:

"Since April 2024, we have seen a growth in the number of waits over 104 weeks, although the longest waiting times have been gradually reducing during this year."³⁰

73. We asked the Cabinet Secretary why the additional funding had not delivered its intended impact in reducing NHS waiting times and whether the scale of the challenge had been underestimated. He told us that the additional funding made available at the end of last year was in recognition that there was more demand coming into the system:

"[...] so that the trajectory that we were on had plateaued and was going back up because more people were presenting with

³⁰ HSC Committee, 16 January, Paper 1

*urgent needs, more people were presenting for cancer treatment, for example, which [...] is a challenging set of services that we provide. So that's the rationale for the additional funding going in, and it absolutely has been targeted to those areas, both geographically and areas of treatment, that have been most stubbornly challenging to reduce."*³¹

74. Asked if there were consequences for health boards with persistently long waits, the Cabinet Secretary said it had been made clear from the outset that if health boards were not delivering on the plans they had committed to, in order to reduce waiting times, the additional funding would cease and be reallocated to other health boards with the capacity to deliver their plans.

75. Asked if he was concerned about a two-tiered health system, where those who are able to pay for private treatment bypass NHS waiting lists in certain specialities because they physically cannot wait any longer, the Cabinet Secretary told us that while the last thing he would want is people feeling they have to make that choice, his understanding was that the proportion of people who are self-funding is less than 1 per cent of the population.

76. We asked the Cabinet Secretary if he was aware of the practice that Powys health board were suggesting of asking health providers in England to delay treating Welsh patients for financial reasons, and whether that was happening in any other health boards in Wales.

77. The Cabinet Secretary said he was not aware of it and would be surprised if it were the case, because it would assume a material level of unused capacity in the health service in Wales:

*"[...] we don't have significant amounts of activity on the weekends in the health service in Wales. I think there's a legitimate discussion to be had about whether, in the longer term, we need to move towards that. That would create extra capacity. One of the reasons we aren't in the position to do that now is obviously partly to do with funding."*³²

³¹ RoP, 16 January 2025, paragraph 245

³² RoP, 16 January 2025, paragraph 128

Our view

78. The £50 million allocated in the current financial year is aimed at reducing NHS waiting times, with a focus on addressing the backlog. We welcome the Welsh Government's commitment to modernising the healthcare system, including upgrading diagnostic equipment, which is a critical step in driving down waiting lists.

79. The emphasis on a regional approach to elective surgeries is also a positive development, as it aims to streamline service delivery and reduce waits effectively. However, we seek clarity on how the Welsh Government is providing leadership to ensure that backlog reductions are evenly distributed across health boards and specialties. While there is an indication that priority areas for waiting list reductions were targeted last year, we are not entirely convinced this was fully realised. It is vital that the Welsh Government ensures funding is used efficiently and strategically, avoiding the risk of spreading resources too thinly across multiple areas, which could dilute their impact.

Recommendation 11. The Welsh Government should outline what its' response will be if health boards' plans are deemed insufficient and fail to meet expectations for reducing NHS waiting times and addressing the backlog. This should include clear contingency measures for areas or specialties where backlogs remain stubbornly high. Additionally, the government should clarify how flexible the budget is in responding to sudden increases in demand for specific services or specialties, and whether any in-year investments or adjustments are anticipated to support these needs. This would help ensure that resources can be swiftly directed to areas of greatest need without compromising overall health system priorities.

80. We are concerned that some people who pay privately for treatment as a result of lengthy NHS waiting times may not be able to afford to do so, and incur large debts as a result. The Cabinet Secretary told us his understanding was that the proportion of people self-funding is less than 1 per cent of the population. We would welcome clarification from the Welsh Government about whether it has data on the financial hardship or debt incurred by those choosing private treatment.

6. Capital investment

81. The Welsh Government invests significantly in the NHS estate, with an increase of £175 million for capital in the draft budget for 2025-26. This brings the total capital allocation for Health and Social Care to £614 million for 2025-26. The Welsh Government provides further information about how the funding will be used in its Infrastructure Finance Plan 2025 – 2026³³, which it published alongside its Draft Budget for 2025-26. It shows £504 million of the total allocation (£614 million) will be for ‘NHS Wales Infrastructure and Equipment’.

82. The additional funding for 2025-26 includes £60 million to support the implications of IFRS 16, an accounting standard that requires NHS organisations to include almost all leases (such as buildings, equipment, or vehicles) on their balance sheets, providing a clearer picture of financial commitments, and £115 million for maintaining and improving the NHS estate and driving NHS productivity by investing in new equipment and digital technology.

NHS Estate

83. The NHS estate in Wales is relatively old and the Cabinet Secretary acknowledged that the budget available is not sufficient to meet all the challenges that presents. He said that there were some positive developments in the system, including a new unit in Llandudno, Velindre cancer centre, and radiotherapy centre in Nevill Hall:

“So, the challenge for us is to ensure that we strike that balance between investment in services and new facilities and also ensuring that those that we already have, first of all, are safe, and secondly, contribute towards positive outcomes for patients.”³⁴

84. The Cabinet Secretary told us that a fund exists specifically for quality and safety risks, such as fire safety, but that generally the emphasis is on flexibility for health boards, with discretionary funding allowing them to address local priorities.

³³ [Infrastructure finance plan 2025 to 2026](#)

³⁴ RoP, 16 January 2025, paragraph 267

Digital transformation

85. 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. The Cabinet Secretary's papers states:

*"In 2025-16 we will increase investment in our digital priorities by £15m."*³⁵

86. The Cabinet Secretary told us:

*"We've increased significantly the funds available for digitalisation projects—we've doubled that, as well as the fund that's currently going to Digital Health and Care Wales for projects across Wales. We aren't where we need to be in terms of digital developments, that's obvious, and I'm impatient for us to be able to accelerate that work. But what I would say is the most important contribution we can make in the next few months as part of the coming year is to ensure that the national architecture is in place."*³⁶

Our view

87. We welcome the increased capital investment of £175 million by the Welsh Government in this draft budget. However, we have concerns regarding the current backlog in estate maintenance. To fully address investment needs in estate, digital infrastructure, and equipment, the Cabinet Secretary has stated that approximately £1 billion annually would be required over the next decade. However, economic constraints are expected to make securing sufficient capital funding increasingly difficult. This raises the question of how the Welsh Government plans to balance these financial challenges, especially when investments in diagnostics and digital infrastructure are essential for long-term service transformation and reducing NHS waiting lists.

88. Additionally, projects like hospital reconfiguration and new equipment are vital for improving system productivity, yet many hospitals continue to operate with ageing infrastructure. Given that the capital budget is currently insufficient to resolve all these issues, it is important to consider whether the government should

³⁵ HSC Committee, 16 January 2025, Paper 1

³⁶ RoP, 16 January 2025, paragraph 269

prioritise additional capital investment, potentially redirecting funds from other projects in 2025-26 when resources are available.

Recommendation 12. The Welsh Government should outline a clear strategy for addressing the backlog in estate maintenance and capital investment needs, including how it plans to balance the financial constraints with the critical need for investments in infrastructure, diagnostics, and digital services. The government should also consider whether reallocation of capital funding from other areas is necessary in the 2025-26 budget to address these pressing issues and ensure long-term service transformation and improved productivity.

89. Digitalisation has been identified as a critical area where Wales lags behind, so it is encouraging that funding for digital projects has been doubled. The priority for the coming year, which includes establishing a national digital architecture for consistent and efficient system-wide integration, is also a positive step forward. However, the government needs to act more swiftly to address existing legacy issues. While it acknowledges that it has not yet reached the required level of digital sophistication, it is essential that the government takes decisive action in this area if the health system is to improve. We are concerned about the risks of overspending or underperformance in digital transformation.

Recommendation 13. The Welsh Government should provide a detailed plan for accelerating its efforts to achieve the required level of digital sophistication in the health system. It should outline specific measures to manage risks related to overspending and underperformance in digital transformation, drawing on lessons learned from previous efforts. Additionally, the government should ensure robust oversight and accountability in its digital initiatives to guarantee that progress is made efficiently and effectively.

Recommendation 14. The Welsh Government should clarify when it expects the national digital architecture to be fully established, and the timeline for seeing measurable improvements in interoperability across health boards.

7. The NHS workforce

90. Workforce costs, including salaries and pensions, make up the largest portion of health spending. Over the past two years, £880 million of NHS funding was allocated to support workforce pay awards and pension contributions.

91. The Cabinet Secretary's paper says that despite the difficult financial climate, the Welsh Government is committed to providing the NHS with the workforce it needs to meet ever-increasing demand.

Workforce training places

92. The Cabinet Secretary's paper says that the Welsh Government is committing to increase funding by over £20 million for NHS workforce training, which will include ongoing support for the expansion of the North Wales medical school and additional post graduate medical and dental training places.

93. We asked whether this increase in funding will address the shortfall from the current financial year, and lead to a genuine expansion of training places.

94. The Cabinet Secretary said:

"I think the correlation between budget and the availability of places isn't a perfect correlation year on year, because there is quite a lot of scope for juggling the mix of provision that you commission within that envelope [...] last year [...] the funding was flat, but we in fact were able, in practice, to commission a higher number of nurse training places in 2024-25 than were actually filled the year before. So, we're committing to the same level of budget this year, but obviously the profile of what's commissioned within that may look different, and it may be higher or lower because it's basically demand led."³⁷

Agency staff

95. In 2024, the Welsh Government published an agency workforce reduction programme, aimed at reducing agency spend in NHS Wales.

96. The Cabinet Secretary told us that agency spend is 'one of those areas that is a slightly unsung success':

"If you look at the figures from 2022-23 on to this year, in very broad terms, you will see a halving of the agency bill. That isn't really given much airtime, but it's quite a significant success, I think. Clearly, there's much more to do, obviously there is, but

³⁷ RoP, 16 January 2025, paragraph 291

*there is a metric, there's a mechanism for doing it, we evaluate it and it's currently working.*³⁸

Our view

97. We acknowledge the Cabinet Secretary's response that workforce training is demand-led, but we feel questions remain about how the Welsh Government ensures training provisions align with future workforce requirements, especially in areas facing critical shortages.

98. We welcome the reduction in spending on agency staff, but want to be clear that addressing underlying issues that contribute to reliance on agency staff is essential, and this requires more than simply reducing the number of agency staff used. A long-term strategy is needed to improve workforce stability and retention, ensuring efforts lead to sustainable improvements rather than temporary fixes.

99. It is also important to understand the Welsh Government's backfilling strategy for reducing agency staff reliance, ensuring these roles are filled by qualified professionals. This strategy must be clearly linked to the budget to ensure funding supports workforce stability and aligns with broader objectives for training, retention, and addressing critical staffing gaps. Without a cohesive approach, the NHS risks continuing to face workforce challenges that undermine long-term service delivery and financial sustainability.

8. Social care services and workforce

Pressures on social care services

100. The Welsh Government recently consulted on raising the domiciliary care charge but has decided to maintain the current maximum charge at £100 a week. It says an additional £5 million will be allocated to local authorities to support them (for 2025- 26 and thereafter, included in the RSG), and further work will be undertaken to address any inconsistencies in the way domiciliary care charges are applied.

101. The Association of Directors of Social Services (ADSS) Cymru and the Welsh Local Government Association (WLGA)³⁹ warn that councils urgently need additional funding and policy support to address rising costs and growing

³⁸ RoP, 16 January 2025, paragraph 294

³⁹ [WGDB25-26\(6\)71: Association of Directors of Social Services \(ADSS\) and Welsh Local Government Association \(WGLA\)](#)

demand on social services. Without this, they say councils may face difficult budgetary decisions that could harm service quality and accessibility.

102. According to the ADSS and WLGA, social care makes up 45% (£106 million) of the estimated overall additional in-year pressures facing councils this year. It says the increasing demand and complexity of need across both adults and children's services, including the need for high-cost placements, accounts for much of these additional costs. Looking ahead it says there is a £223 million projected overspend for 2025-26, which represents a 9% increase in current budgets.⁴⁰

103. When asked what action the Welsh Government was taking to address the rising costs and demand, the Minister for Children and Social Care said that the Welsh Government had provided a significant uplift for local authorities this year:

"They've seen an increase of some £253 million on their budget from 2024-25. But it is very much for them to determine how that is spent. But within that spend, of course they have to be cognisant of their legal requirements in social care, the policy requirements coming out of Welsh Government, and all their regulatory obligations."⁴¹

Social care workforce

104. According to the ADSS and the WLGA⁴², workforce stability is a major concern, with fears that continued underfunding will exacerbate staff shortages and demoralisation. They also note that the latest social care workforce survey (2024)⁴³ found that only 35% of staff are satisfied with their pay and 25% of staff are aiming to leave the sector.

105. The Minister for Children and Social Care told us that the Welsh Government is providing around £32 million to Social Care Wales to support recruitment, retention, and to support support improvements within the social care sector.

106. The Minister highlighted the challenge in collecting workforce data for social care, where 80 per cent of social care providers are in the private and independent sectors. Albert Heaney, Chief Social Care Officer for Wales, confirmed

⁴⁰ [WGDB25-26\(6\)71: Association of Directors of Social Services \(ADSS\) and Welsh Local Government Association \(WLGA\)](#)

⁴¹ RoP, 16 January 2025, paragraph 174

⁴² [WGDB25-26\(6\)71: Association of Directors of Social Services \(ADSS\) and Welsh Local Government Association \(WLGA\)](#)

⁴³ [Have Your Say 2024: Social care workforce feel more valued than last year, but well-being and pay still a concern, October 2024](#)

that the data for 2023 would be published in February 2025, and would show a move from a 9 per cent vacancy rate in 2022 to a 6 per cent vacancy rate, largely due to an increased workforce.

107. The Minister told us that the pay and progression framework played an important role in enabling people to come into the social care sector and see social care as a career.

108. She was concerned by the suggestion from Care Forum Wales⁴⁴ that the additional funding provided by Welsh Government for the Real Living Wage had not reached providers in many areas. She said a review of the Real Living Wage was currently ongoing and that would seek to ensure that the money being provided to local authorities was reaching the people it was intended for.

109. The Minister confirmed that funding for the social work bursary would be maintained.

Our view

110. We are concerned to hear the ADSS Cymru and WLGA say that, without additional funding and policy support to address rising costs and growing demand on social services, service quality and accessibility could suffer. While the Welsh Government says that it continues to prioritise funding for social care alongside funding the NHS, we would welcome assurance that this is the case and that social care has been given sufficient weight alongside NHS funding.

Recommendation 15. The Welsh Government should write to this Committee setting out how it has prioritised funding for social care within this draft budget.

111. It is regrettable that there has not been more progress in publishing better data on workforce vacancies, particularly having been told by the previous Deputy Minister that ‘during 2024 the aim is for more data to be made available’.

Recommendation 16. The Welsh Government should provide further information on the timescales for publication of social care workforce data.

112. Parity of esteem between the social care and NHS workforce has been a recurrent theme throughout this Committee’s work. It is therefore disappointing, given the backdrop of existing staff shortages and a rising demand for services, to see a lack of tangible progress in addressing workforce shortages, with so many staff considering leaving the profession. We welcome the work being done to

⁴⁴ [WGDB25-26\(6\)32: Care Forum Wales](#)

change perceptions of the sector and promote social care as a career with pathways for progression, but believe there is much more to do. Significant continued investment is required to improve the sustainability of the workforce.

113. In last year's budget report, we recommended the Deputy Minister for Social Services 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. We believe this needs to be a rolling recommendation to enable us to monitor progress in this area.

Recommendation 17. The Welsh Government should provide an annual update to the Committee on the work being undertaken to recruit and retain staff in the social care sector. This should include information on progress in improving access to sickness pay for social care workers.

114. We continue to support the Welsh Government's commitment to the Real Living Wage for social care workers but feel that this is still not enough to attract and retain staff. We are concerned by suggestions that the funding provided to local authorities for this purpose is not reaching many providers and welcome the Minister's assurance that she will investigate these claims.

Recommendation 18. The Welsh Government should report back to this Committee with its findings, once the review of the Real Living Wage has been completed.

9. Pressures on independent and third sector providers

Projects to support unpaid carers

115. The Carers Support Fund⁴⁵ has provided support to unpaid carers to cope with the rising cost of living via the provision of grants to buy basic essential items, such as food, household and electronic items. The Cabinet Secretary's paper says there is strong evidence for the continued need for this fund.

⁴⁵ £4.5m for 2022-25

116. Similarly, the Short Breaks Scheme⁴⁶ provides respite for unpaid carers. The Cabinet Secretary’s paper says “again, this is an extremely well received and delivered scheme, where demand continues to exceed supply”.

117. Both successful initiatives, funded through the Social Care Reform Fund, face uncertain futures, with no confirmation of continued funding in the Welsh Government draft Budget 2025-26. Carers Trust Wales say these programmes are not “nice to haves” but are “must haves” to sustain unpaid carers who are “plugging gaps” in the social care system⁴⁷.

118. Demand for both programmes exceeds supply, and their potential discontinuation could severely impact carers’ ability to continue their roles. According to Carers Trust Wales, should this funding not continue, this would equate to around 7,000 unpaid carers in Wales in 2025-26 not receiving small grants and services to support them and a likely reduction in the availability of much-needed breaks for care.⁴⁸

119. The Minister for Children and Social Care acknowledged the significance of both schemes on unpaid carers. She said:

“Although I can't give you an absolute today, what I am saying is that we are currently looking to extend those schemes, but I'll be making an announcement on that shortly, because we're still doing the workings out on that. But it is my intention that, if we can, we are extending those schemes, because of the benefits that they clearly deliver.”⁴⁹

120. On 28 January, the Minister announced the continuation of funding for the Carers Support Fund and the Short Breaks Scheme.⁵⁰

Changes to National Insurance contributions

121. As part of the Autumn Budget 2024, the UK Government will increase employer National Insurance contributions (NICs) from 13.8% to 15% and lower

⁴⁶ £9m for 2022-25

⁴⁷ [Carers Trust calls for clarity on carer support following Welsh Government Draft Budget, December 2024](#)

⁴⁸ [Carers Trust Wales](#)

⁴⁹ RoP, 16 January 2025, paragraph 217

⁵⁰ [Written statement, Continuation of funding for the Short Breaks Scheme and Carers Support Fund for 2025/26, Welsh Government, 28 January 2025](#)

the per-employee liability threshold from £9,100 to £5,000, effective from 6 April 2025.

122. The UK Government has confirmed that public sector employers will be compensated for these costs through increases in departmental expenditure limit (DEL) budgets, but we understand this will exclude publicly commissioned services. Devolved governments will receive additional funding, but this has not yet been allocated and the Welsh Government is unlikely to know how much it will get until May or June. It is therefore excluded from the draft Budget 2025-26.

123. Independent and third sector health and care providers are extremely concerned about how they will meet the extra costs, while continuing to deliver public sector funded statutory services. Correspondence we received from Tenovus Cancer Care⁵¹ estimates the cost to them as a minimum £250,000 annually.

124. Care Forum Wales⁵² warned that the reduction in the Inheritance Tax threshold along with National Insurance changes will have a major impact, particularly as the majority of the care sector is made up of small, family run care businesses in Wales. They caution that, unless the UK Government provides an exemption for publicly commissioned care, the Welsh Government may need to allocate additional or long-term funding to cover the true cost of care.

125. We asked the Cabinet Secretary whether the Welsh Government had assessed the impact of the National Insurance changes on independent and third sector providers of statutory health and care services and if there were any plans for further assistance to those delivering those services to help meet these additional costs. We also asked about the financial sustainability of hospices.

126. The Cabinet Secretary said that he was meeting with the sector to better understand the implications of the changes but, from a Welsh Government perspective, they were not in a position, in terms of their budget, to make up for everything that the additional pressures affect.

127. In relation to hospices, the Cabinet Secretary said that £13 million of recurrent funding had been provided to hospices. Further:

“Last year, we saw the cost-of-living pressures increase significantly, so we provided a payment of around £4 million in year, and we've made payments of that kind, from time to time,

⁵¹ HSC Committee, 16 January 2025, PTN 7

⁵² [WGDB25-26\(6\)32: Care Forum Wales](#)

to address the costs not just of the national insurance impact, but the general costs.”⁵³

128. He said that future budgets would move away from providing one-off payments in-year. Funding for hospices had been increased from £13 million to £16 million, which would provide the baseline for the years to come. He also said that there was work underway to look at a new system of commissioning hospices to ensure they are set on a more robust basis.

Our view

129. 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. We welcome the Minister’s announcement on 28 January of the continuation of funding for the Carers Support fund and Short Breaks Scheme. It is disappointing that this wasn’t resolved earlier, given the clear success of the schemes. As evidence to the Finance Committee highlights,^{54 55 56} funding uncertainty at this late stage in the financial term presents difficulties for projects. We hope such uncertainty can be avoided in future.

130. We believe there is a case for increased, sustainable investment in respite care, given the Welsh Government’s admission that demand exceeds supply for the Short Breaks Scheme, and the fact that ADSS’s rapid review on unpaid carers rights⁵⁷ found respite care is the most significant unmet need identified by carers.

131. We are extremely concerned about the proposed changes to National Insurance contributions in relation to the ability of independent and third sector health and care providers to continue to deliver services, and the resultant pressure that will place on the NHS. As the Minister for Children and Social Care noted during our scrutiny session, 80 per cent of social care providers are in the private and independent sectors. We share Care Forum Wales’ concerns that without extra assistance, there is a real risk of further instability in the social care sector.

⁵³ RoP, 16 January 2025, paragraph 234

⁵⁴ [WGDB25-26\(6\)42: Age Cymru](#)

⁵⁵ [WGDB25-26\(6\)66: Stroke Association](#)

⁵⁶ [Carers Trust Wales](#)

⁵⁷ [Social Care Workforce Report, 2022](#)

132. We are concerned that hospices are increasingly reliant upon fundraising and charitable donations to deliver vital care and core services. We believe there should be sustainable funding and better recognition of the critical health and care services they provide.

Recommendation 19. The Welsh Government should provide increased, sustainable funding for respite care, given the demand and the level of unmet need identified by carers.

Recommendation 20. The Welsh Government should, as a matter of urgency:

- set out its assessment of the impact of the proposed changes to National Insurance Contributions on those delivering publicly commissioned health and care services, and the subsequent impact this will have on our health and social care sectors;
- provide further information on how it intends to support those providers.