



Briefing for debate on the Welsh Government's spending priorities for the 2025-26 budget

Introduction

This briefing is for Members of the Senedd (MSs) in preparation for the Finance Committee Debate on Welsh Government's spending priorities for the 2025-26 budget, on Wednesday 17 July 2024.

Key points to consider:

- Along with the rest of the public sector, the health and care system is facing multiple challenges. Heightened pressures are a result of inflation, the elective care backlog, recruitment and retention of the health and care workforce, the rising cost-of-living and high demand on NHS and social care services, alongside high public expectations.
- The NHS requires clear and more focused priorities, underpinned by a long-term vision for the system. While the long-term aim is to shift money towards preventative and community-based services, demand on frontline services remains extremely high.
- NHS leaders recommend the following areas are prioritised:
 - **Capital:** Develop a ten-year investment plan for service change to reshape NHS estates and infrastructure and look at how fiscal rules might be amended to allow recycling of capital. Invest in digital as a key driver to deliver a reformed and transformed NHS.
 - **Workforce:** Support the development of an overarching long-term workforce plan and sustainably increase investment in the NHS workforce.
 - **Social care:** Provide local authorities with ring-fenced allocations for social care, to enable parity of pay and esteem with the NHS workforce.
 - **Prevention and early intervention:** Shift funding to preventative activities that improve population health outcomes.
 - **Inequalities:** Publish a delivery plan outlining action to be taken across all government departments to tackle inequalities.
 - **NHS and the economy:** Consider health as part of wider budget setting and its contribution to the economy, both nationally and locally.
 - **Introduce longer-term funding cycles to ensure financial certainty:** The UK and Welsh Governments must move away from short-term thinking to give sectors some long-term financial certainty.

Priorities for the NHS

As the membership body representing NHS leaders in Wales, we ask that the following areas are prioritised in the Welsh Government's Draft Budget 2025-26.

Capital (including digital infrastructure)

The NHS is faced with an ageing estate, including digital infrastructure, which was not designed with current demands and risks in mind. While NHS leaders share the government's commitment to boost NHS productivity and are doing all they can to tackle the elective care backlog, the lack of capital funding is a major barrier.

Capital investment is key to continuing to deliver high-quality, safe health services. We need a ten-year investment plan for service change to reshape NHS estates and infrastructure. This would make NHS estates more sustainable, boosting productivity and supporting the NHS to get through its care backlog, reduce carbon emissions, maximise public assets, attract additional funding through research and development opportunities, regenerate the local economy and improve patient outcomes. In addition, fiscal rules should be examined to look how capital might be recycled to make the service fit for challenges.

It is vital governments invest in digital infrastructure and functionality to realise the opportunities digital can bring to the economy and the NHS. Building digital functionality across patient pathways will enable data capture to inform decision making. Opportunities include enhanced self-care and connecting parts of health, care and the wider public sector to enable people to keep safe and healthy at home for longer.

Workforce

A sustainable workforce is essential for a sustainable NHS. Investment in student education and staff training across a range of professional groups should continue to be a priority. This includes investment in alternative training and education pathways including apprenticeships. It is also essential to invest in education and training for existing staff to upskill and enable adoption of innovative ways of working. Workforce wellbeing is also key and staff retention plans are essential.

Social care

Social care services play a crucial role in care pathways by keeping people well for longer outside of hospital and enabling faster, safer discharges home. Social care must be sufficiently resourced to enable health and wellbeing systems to operate effectively.

We recommend local authorities receive ring-fenced allocations for social care with clearly defined target outcomes to ensure social care spend drives the change needed and supports system-wide sustainability. The variation in investment in social care across Wales also needs to be addressed through a renewed collaboration between the Welsh Government and local government.

Prevention and early intervention

NHS leaders recognise that partners across the public sector are also facing acute financial challenges. Therefore, they support an approach to further protect funding for preventative measures to ensure the sustainability of services in the longer term. Welsh Government should mandate a nominal proportion of health and care funds to be spent on preventative and early intervention, with bodies held to account for the use of monies.

NHS organisations are committed to delivering on the vision set out in the Well-being of Future Generations (Wales) Act 2015. This acts as a framework for considering the impact of decisions made in the here and now will have on the health and wellbeing of future generations.

Inequalities and the wider determinants of health

As highlighted in the Welsh NHS Confederation Health and Wellbeing Alliance report, [‘Mind the gap: what’s stopping change?’](#), only [20% of a nation’s health and wellbeing](#) is dependent on healthcare services.

The NHS alone does not have the levers to reduce inequalities. This is why we need to focus not just on public health initiatives delivered through the NHS and local authorities, but also address factors such as education, poor housing, unemployment, transport and food quality. Addressing the factors that cause ill-health in the first place should be a central focus for the Welsh Government and a cross-government approach to tackling inequalities is needed.

NHS and the economy

A physically, psychologically and socially healthy population results in a more economically active population. Interventions designed to improve health, inclusive growth and wellbeing are in the interests of all local, regional and national partners, businesses and communities and act as a key driver for economic activity and employment.

[Analysis](#) published in October 2022 by the NHS Confederation shows that every £1 invested in the NHS returns £4 in Gross Value Added (GVA) for the economy. Further [research](#) in 2023 shows that for every £1 invested in community or primary care, there is up to a £14 return back into the economy.

NHS organisations are well positioned to use their spending power and resources to address the adverse social, economic, and environmental factors that widen inequalities and contribute to poor health outcomes.

Introduce longer-term funding cycles

Demand for healthcare has grown significantly across the UK and is projected to accelerate as the population continues to get older, with more people living with multiple complex health

conditions. Therefore, Welsh and UK Governments must move away from short-term thinking when setting budgets.

As highlighted in the '[NHS in 10+ years](#)' report, the proportion of those of State Pension age in Wales is projected to increase faster than those of working age over the next ten years. The diagnoses of several long-term conditions, including dementia and some cancers, is also projected to increase. Therefore, we must consider longer-term funding cycles to allow health and care leaders to plan for, and invest in, projected long-term demand.

The need for a national conversation

As highlighted in our NHS 75 briefing, [How do we meet the needs of future generations?](#), we must have an open and honest conversation with the public about the scale of the challenges facing the health and care system and what the NHS can be expected to provide in the future.

Difficult decisions will have to be made between the demands of elective recovery, access to primary care, mental health and the generational task of reducing health inequalities. Longer-term service transformation will need to be balanced with short-term, high priority services. This will only be possible through co-production, so the public feel personally invested in both their wellbeing and our health and care service, helping to ensure its long-term sustainability.

Conclusion

NHS leaders understand the current budget limitations facing the Welsh Government and believe we must work together with the government, all political parties and public sector leaders to effectively balance short-term need with long-term vision.

Ultimately, creating a sustainable system requires a cross-sector effort to build healthier and more prosperous communities, reducing demand well into the future. To this end, healthcare, reducing inequalities and maintaining people's mental health and wellbeing should be at the heart of the Welsh Government's draft budget and be considered across government departments.

Further information

If you would like further information on any of the issues raised in the briefing, please contact Nesta Lloyd-Jones on nesta.lloyd-jones@welshconfed.org

The Welsh NHS Confederation represents the seven Local Health Boards, three NHS Trusts (Velindre University NHS Trust, Welsh Ambulance Services University NHS Trust and Public Health Wales NHS Trust), and two Special Health Authorities (Digital Health and Care Wales and Health Education and Improvement Wales). The twelve organisations make up our members. We also host NHS Wales Employers.