



Draft Budget 2025-26

Welsh Government's response to the Health and Social Care Committee's draft budget report

This document is a response to the Health and Social Care Committee's report on the Welsh Government's Draft Budget 2025-26, published in February 2025.

Each recommendation from the committee's report has been listed in full and our response is provided beneath.

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Recommendation 1

The committee recommends that:

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.

Response:

Accept

A Healthier Wales is the Welsh Government's 10-year plan for Health and Social Care. In December 2024, we published a refreshed set of actions to ensure our approach to developing an effective health and care system remains fit for purpose both now and in the future.

The 35 refreshed actions have been designed around the core themes and enablers needed to develop an effective health and care system. These themes include a focus on our approach to prevention, a system which is person centred delivering high quality services which are equitable and sustainable.

We are supporting the NHS in maintaining their services by prioritising funding for the inescapable pressures they will be facing in 2025-26 from inflation and demand growth, as well pay increases for the workforce.

We are making significant additional investments in the NHS and there is also around £65million that we are allocating to other key priority areas, including:

- The Childcare Offer
- NHS Workforce training, including the North Wales Medical School
- Digital Investments
- Women's Health
- Hospices

We are also placing a strong focus on prevention and early intervention, across many areas, to help enable and encourage good health and well-being throughout life. For example, we are maintaining our significant investments

with Public Health Wales and the significant work they do on the prevention agenda; Flying start, Childcare and Families First; Healthy Weight: Healthy Wales and the Obesity Strategy; vaccination programmes; screening Programmes; sexual Health programmes; and anti-smoking initiatives. This is alongside the areas that Health Boards continue to invest in locally.

There is also a specific focus on digital and workforce within the refreshed actions underpinning A Healthier Wales. Welsh Government is continuing its investment in these two areas, alongside an additional £35million being allocated across both, in the Draft Budget.

There will be an ongoing focus on NHS transformation and modernisation as part of the Integrated Medium-Term Plans of health boards and trusts, in line with the NHS Wales Planning Framework for 2025-28 (issued on 20 December 2024). The new Framework has a strong focus on the following key three-year strategic priorities:

- timely access to care (which includes planned care, cancer and urgent & emergency care);
- prevention and population health (including diabetes and vaccinations);
- building community capacity (which includes delayed pathways of care);
- mental health access;
- and women's health.

The new Planning Framework also sets out a range of enabling actions which must be delivered on the basis of “adopt or justify”. Delivery of these will improve efficiency, productivity and value across the system.

The modernisation of the NHS will also be underpinned by ongoing capital funding, supporting new equipment and digital investments. In 2025-26, £30m has been identified for diagnostic and linear accelerator equipment replacement across Wales. This will help ensure the equipment used across NHS Wales is appropriate to delivery of modern healthcare. This is being further supported by £40m for digital investments to improve the patient experience and help ensure NHS staff time is better used on direct patient care. 2025-26 sees the continuing refurbishment of Prince Charles Hospital in Merthyr Tydfil (a £220m+ scheme) - the current phase of which is due to complete in 2027. £14m is being invested in Singleton Hospital Swansea for the second fixed positron emission tomography (PET) scanner in Wales which is a key aspect of the cancer pathway.

Recommendation 2

The committee recommends that:

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.

Response:

Accept in principle

We are due to produce a report on the work of the Value & Sustainability board for the year 2024-25 and will share this with the committee in April.

Recommendation 3

The committee recommends that:

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.

Response:

Accept in principle

We are not currently in a position to do this comprehensively. We do not routinely set budgets in a way that categorises them as 'preventative' or not; and we do not have existing mechanisms that easily facilitate the retrospective analysis of spending into preventative categories. However, there are many budget areas within the HSCEY Group which can easily be identified as being preventative, but gaining a full understanding across every budget is a complex and challenging issue, especially when considering the whole of the main NHS budget.

The HSCEY revenue budget for 2025-26 is broadly split £11.2 billion for direct NHS and £0.7 billion across a range of other centrally held budgets, e.g. Digital, R&D, Substance Misuse, Social Care, Early Years and public health. Welsh Government has commenced a project to analyse preventative spend across the HSCEY Group. This will initially focus on centrally held budgets, outside of the main NHS allocation.

Work is also underway to scope the best way of arriving at an accurate and consistent method of categorising NHS spending across preventative and acute headings, but this is in its early stages.

The (over) £350m referred to in the evidence to the committee is in reference to some key, and easily identifiable areas, within the HSCEY MEG.

Over £365 million (updated) of the HSCEY budget is supporting specific identifiable preventable programmes, including £144m for Public Health Wales, £107m to supporting children and play and families, £96.1m for health protection and immunisation, £9m for Healthy Start, £6.85m for early prevention and £5.5 million for health improvement.

This funding supports key areas of work in screening, vaccination and supporting population health including delivery of smoking cessation services and actions to deliver Healthy Weight Health Wales.

This is not an exhaustive and comprehensive analysis as there will be elements of Prevention spend embedded in other programmes as well as the majority being contained within the main health board allocations.

Agreeing a clear and consistent set of definitions and a means for determining some areas of categorisation is a key priority.

There was some analysis undertaken in 2018, for the 2019-20 Draft Budget, which tracked some health and social care spend on activities that align with 'prevention' as set out in the definition jointly agreed by WG and Office of the Future Generations Commissioner (OFGC).

A Healthier Wales (AHW) signalled the intention to take significant steps to shift the approach from treatment to prevention. In 2018 the Health and Social Services budgets were analysed using the following agreed definitions:

- Primary Prevention: Building resilience - creating the conditions in which problems don't arise in the future. A Universal approach
- Secondary Prevention: Targeting action towards areas where there is a high risk of a problem occurring. A targeted approach, which cements the principles of progressive universalism.
- Tertiary Prevention: Intervening once there is a problem, to stop it getting worse and prevent it re occurring in the future. An Intervention approach.
- Acute Spending: Spending which acts to manage the impact of a strongly negative situation but does little or nothing to prevent problems occurring in the future. A remedial approach

The methodology to the 2025 analysis is being established in a way that will allow straight forward repetition in future years and can directly inform the wider Welsh Spending Review.

It should be noted that this is a potentially complex and resource intensive piece of work, some of which is still being scoped and assessed.

Recommendation

The committee recommends that:

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.

Response:

Accept

The Welsh Government is working on quantifying, securing and evaluating the impact of its funding of ill-health prevention.

As noted in the response to Recommendation 3, a project to analyse preventative spend across the HSCEY Group has commenced, but is in its early stages, we will aim to provide the committee with an update in the Autumn.

The approach is to build on the analysis undertaken in 2018, for the 2019-20 Draft Budget, which tracked some health and social care spend on activities that align with 'prevention' as set out in the definition jointly agreed by Welsh Government and Office of the Future Generations Commissioner (OFGC).

Welsh Government will share the findings of this analysis once the work has been completed.

Recommendation 5

The committee recommends that:

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.

Response:

Accept

The Women's Health Network is developing a specification for Women's Health Hubs in Wales which will provide clarity on the role and scope.

A Women's health hub refers to a broad service model that provides a range of healthcare services tailored specifically to women's unique health needs. Key offerings typically include reproductive health care, gynaecological services, mental health support, and chronic disease management delivered through various community and secondary care settings.

The model aims to improve timely access to services making it easier for women to obtain care they need while promoting preventative measures and empowering them to take charge of their health and wellbeing.

The aim is to improve equitable access to services, enhance the patient experience, and ensure that women receive holistic care tailored to their individual needs. These hubs facilitate coordinated care and promote preventative health measures, ultimately aiming to improve health outcomes and reduce inequalities for women across different life stages.

The development of hubs in Wales represents a critical opportunity to improve the health and well-being of women.

The intention is to establish a pathfinder hub in each health board by March 2026. The initial focus for services provided by the hubs may appear to have a reproductive health and gynaecological focus as these are the priority areas identified by the Discovery Report.

Recommendation

The committee recommends that:

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.

Response:

Accept in principle

A budget of £3 million budget has been allocated to the Women's Health Plan to enable the establishment of a pathfinder Women's Health Hub in every health board area in Wales.

In addition, Health and Care Research Wales, supported by the Welsh Government, have provided a further £3 million investment in the first Women's Health Research centre in Wales to enhance the quality and scope of women's health research. This is in addition to previously announced £750,000 that has been allocated to a focused call on women's health research.

These amounts are, of course, in addition to the significant amount of funding supporting existing services out in the NHS, who's budget in 2025-26 will be over £11 billion.

In relation to Women's Health Hubs and ensuring a sustainable approach, a cost-benefit analysis on Hubs in England has reported that for every £1 spent on implementing a primary care network sized hub, there were £5 of benefits created. An evaluation of the implementation of hubs in Wales will assess the economic case for reconfiguration of services.

To make sure that the Women's Health Plan results in tangible outcomes, Welsh Government officials will be working with the Women's Health Network and the Joint Commissioning Committee to explore establishing specialist services in aspects of women's health, including tertiary care for endometriosis and surgical abortion. The establishment of these services as a commissioned specialist service, would put their funding on a sustainable footing and along with the additional funding and the ongoing focus to deliver improved outcomes, the Women's Health Plan aims to deliver tangible, long-term and measurable results.

Recommendation 7

The committee recommends that:

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.

Response:

Accept

Upon establishment of the National Office for Care and Support in April 2024, Welsh Government committed to publishing an annual report of the Office's work. The first annual report, following conclusion of the first and transitional year in operation, is set to be published later this Spring. The plan for a National Care Service in Wales is central to the National Office's work programme. The report will include updates on actions under the Implementation Plan.

Recommendation 8

The committee recommends that:

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.

Response:

Accept in principle

In his letter to NHS Chairs in December the Cabinet Secretary for Health & Social Care clearly set out his expectations for delivery and performance, along with a range of enabling actions that were mandated on the basis of 'adopt or justify'.

The planning process is ongoing with final plans expected to be submitted in March 2025.

There are well embedded processes for monitoring and escalation that each NHS organisation is subject to. The planning process for 2025-26 is ongoing. Accounting Officer letters have been received from all NHS bodies and Welsh Government officials are in discussions with NHS organisations as part of that process.

The only NHS contingency funding being held within the HSC MEG is the amount to cover the Target Control Totals set for each organisation. This is in line with the approach we have taken in the last two years and was explained in the evidence paper to the committee.

NHS organisations will need to take actions and realise savings in order to support the delivery of their overall financial position.

Should there be cause for further action, escalation mechanisms would be implemented to identify further deliverable actions by NHS bodies to achieve improvements, reviewing all commitments and plans within the whole HSC MEG, and further engagement within Welsh Government through routine financial management arrangements to include engagement with the Cabinet Secretary for Finance, and treasury officials.

Recommendation 9

The committee recommends that:

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.

Response:

Accept in principle

There are two pieces of work in development that will support addressing some of this recommendation. The Ministerial Advisory Group (MAG) on NHS Productivity and Performance and the independent commission to review medium and long-term health funding sustainability in Wales.

The Cabinet Secretary for Health and Social Care has established an External Ministerial Advisory Group on NHS Performance and Productivity (MAG) to consider and provide an independent view on the existing arrangements and mechanisms in place that ensure and support improving NHS performance and productivity across NHS Wales.

The Group will operate independently from NHS Wales and, through its membership, will provide the Cabinet Secretary for Health and Social Care with:

- external assurance on the effectiveness of current arrangements which aim to improve performance and productivity in NHS Wales, and
- observations on how current arrangements could be strengthened to further improve performance and productivity.

The Group will consider and form:

- A reflection of the current performance delivery position in NHS Wales, relative to other parts of the UK.

- An assessment of the processes in place at a system level to drive improvements in efficiency and productivity in NHS Wales.
- An independent view on priorities for improving performance and related targets.
- An assessment of how the NHS in Wales is responding to the delivery of productivity and efficiency measures and system variability in performance.
- An assessment of the current levers for change and of suggested improvements on increased productivity and performance from Welsh Government officials.

The final MAG report is expected in April and will be published, and a copy can be shared with the committee at the appropriate time.

In January 2025 a contract was awarded externally for the Review of medium and long-term health funding sustainability in Wales.

This work aims to provide independent external analysis of the future financial sustainability of the health and social care system in Wales. The research produced from this work will be used to inform future service planning and budget setting, and to support the development of a sustainable future financial outlook for NHS Wales. The research outputs would be an important input into the Welsh Government's Spending Review, which will support budget setting into the next Senedd term.

The scope includes health and social care. For social care, the focus is anticipated to be on adult social care and component parts of care that interact most significantly with NHS services, such as pathway of care delays. The current Social Care Bill is outside of the scope of this commission.

Due to the breadth and complexity of this work, a two-stage approach is intended. The first stage will focus on drivers of spending growth and the requirements to support spend estimates for future years, and the second stage will focus on mitigating actions to reduce the spending projections.

Two reports will be provided, one for each stage of the research. The first report will review previous work and existing evidence base on health and social care in Wales and look at relevant cost drivers and trends across the UK, and in Wales. The second report will provide an assessment of the medium and longer-term outlook for the sector.

The Cabinet Secretary for Health and Social Care and Cabinet Secretary for Finance, Constitution and Cabinet Office have collectively agreed to commission and support the development of this work with shared oversight from both Treasury and Health officials.

This commission sits independently of the Ministerial Advisory Group on NHS Productivity and Performance. Any outcomes and recommendations of the MAG on productivity and performance that are relevant to future financial sustainability will be reviewed and considered as part of next steps following this work.

The stage one outputs are expected in early summer with the stage two report and final outputs in the Autumn. These reports can be shared with the committee at the appropriate time.

The allocation formula for issuing funding to the NHS within Wales is updated on an annual basis for specific areas such as updated population numbers, and periodically reviewed such as the recent review of distance from target to inform any further actions required.

Recommendation 10

The committee recommends that:

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.

Response:

Accept in principle

We are currently part way through the planning process for 2025-26 with the NHS. NHS bodies have been given clear guidance and a planning framework in which to consider their plans and the priorities of this Government. The planning guidance and the framework set out in the Cabinet Secretary's letter to Chairs in December 2024 has over 20 enabling actions set out across five thematic areas.

We also set out a series of key expectations across the following strategic areas:

- Timely Access to Care
- Population Health & Prevention
- Building Community Capacity
- Mental Health Access (For both adults and CAMHS – to be reported against separately)
- Women's Health

Health Boards now need to set out their plans as part of the IMTP process and in line with their financial allocation and the criteria and priorities within the planning guidance, which has been shared with the committee.

Agreeing IMTPs can be a challenging process, and we have seen in previous years that, in some instances, only annual plans for one year can be agreed.

The outcome of the NHS planning process will be known over the next few months and a suitable update can be provided to the Committee at the appropriate time.

Recommendation 11

The committee recommends that:

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.

Response:

Accept in principle

The Cabinet Secretary has clearly laid out the priorities with regards to waiting times in NHS Wales for 2025/26 and these form part of the conditions for Health Boards and NHS Trusts to meet as part of their annual planning submissions.

We expect Health Boards to set out their waiting times responses in their IMTP submissions on 31st March 2025 and will use these to assess the deliverability of the Welsh government commitment to a maximum wait of 104 weeks for treatment and the delivery of 350,000 hospital treatments.

Welsh government officials are working with health boards on the delivery priorities for this year and into 2025/26 and have developed a plan to support health boards and trusts with the delivery of the government expectations. This plan aims to utilize the available waiting times funding to support the aims of reducing waiting times in diagnosis and treatments.

The development of the plan alongside the health board submissions is intended to mitigate the risks in several challenged specialties, where waiting time reduction has provided more difficult to achieve, and were highlighted in the current and previous year plans.

As part of Welsh governments escalation and intervention framework the delivery of key ministerial priorities is a trigger for enhanced escalation and intervention. This framework and approach have been used in health boards in this year to further drive improvements in delivery of the reduction of waiting times. Alongside this approach all financial allocations made this year have been conditional on a clear activity profile and specified for utilization for the longest waiting patients. Any allocations made in the coming year will retain similar conditionality and we will be targeting funding to support the most challenging areas.

Health Boards manage variation in demand on their budgets as part of core planning and delivery and will need to implement measures and actions to do this across the year.

There is very little flexibility within the existing HSC MEG allocation to manage material changes in demand or significant diversions of funding from one area to another. The only NHS contingency funding being held within the HSC MEG is the amount to cover the Target Control Totals set for each organisation. This is in line with the approach we have taken in the last two years and was explained in the evidence paper to the committee.

NHS organisations will, through robust planning, need to take actions and realise savings in order to support the delivery of their overall financial position.

Recommendation 12

The committee recommends that:

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.

Response:

Accept

The provision of safe estate for patients, staff and visitors remains key. Backlog estates maintenance across the NHS in Wales remains a challenge from both delivery and affordability perspectives. The need to balance investments in the existing estate with those that will help deliver service change and transformation has been tested through a recent NHS Capital Prioritisation exercise. £100m is being made available NHS organisations as discretionary capital in 2025-26, further supported by £40m for targeted estates investments (covering core infrastructure, mental health, fire, decarbonisation, infection prevention and control and decontamination). This £40m will be targeted at those highest risk elements of the estate. Significant refurbishment of Prince Charles Hospital in Merthyr Tydfil continues, with fire prevention works at both Glangwili and Withybush hospitals also being progressed.

In addition to supporting efforts to tackle backlog estates maintenance, additional capital funding is being made available for digital investments to progress this critical area.

It is important to understand that the more complex infrastructure estate schemes require significant up front feasibility and development work to inform planning and delivery. It is thus essential to have a pipeline of deliverable schemes before significant additional funding is sought – to ensure we invest in the right areas and value for public money can be demonstrated.

Recommendation 13

The committee recommends that:

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.

Response:

Accept in principle

Welsh Government monitor and assess Digital Priorities Delivery via the DPIF funding monitoring mechanisms. This is currently being strengthened by the dedicated portfolio / programme assurance activities within the HSCEY Group to ensure efficient and effective portfolio, programme and project delivery, and reducing the risk of avoidable failure and delay.

This year's planning framework has been more explicit in defining expected delivery requires from Health Boards, Trust and SHA's, these are expected to be seen in IMTPs and will be monitored by NHS Wales Escalation and performance process.

The A Healthier Wales (AHW) refresh policy actions continue to put digital and innovation at the heart of modernising Health and Social Care.

As part of delivering on the ambitions set out in AHW we will be:

- Working with partners to deploy proven electronic health and care record systems, connect care information across health and social care and adopt national standardised applications for safer and better care.
- Creating a clear and detailed National Enterprise Architecture provide a structured framework to integrate diverse systems. This will ensure that patient data and services flow seamlessly across organisations and provide unified blueprint for system design and deployment - reducing complexity,

delivering efficiencies and supporting health and care transformation.

- Using data, insight and analytics, in a safe and secure manner, to make sure system planning at all levels is underpinned by a national data resource which is accessible to and used by all health and social care bodies
- Through a strengthened digital and data profession significantly boosts the digital and data maturity required to meet international best practice and standards in cyber, infrastructure, user design, data sharing and recording, workforce development, agile procurement and clinical safety.
- Improving productivity and providing better care through innovation, automation and the power of Cloud-first solutions, including maternity and diagnostic systems and electronic prescribing. The NHS App will also support patients and public in accessing their own data and managing their care.

Underpinning these will be delivery plans monitored by the HSCEY group.

Recommendation 22

The committee recommends that:

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.

Response:

Accept in principle

Within the A Healthier Wales (AHW) refresh work an action has been identified to establish clear and agreed upon National Enterprise Architecture built around core standards and with a clear understanding of how data, applications and technology underpin health and care transformation and policy priorities.

A clearly defined national enterprise architecture will provide a structured framework to integrate diverse systems, ensuring that patient data and services flow seamlessly across organisations and provide unified blueprint for system design and deployment, reducing complexity and avoiding duplicated effort. It should also help future proof NHS Wales's digital infrastructure to accommodate technological advancements and changing health needs.

The proposal is to establish a formal programme around the National Target Architecture work within NHS Wales. The programme will have Welsh Government and NHS Wales representation with a clear critical path for delivery developed as a priority, as well as a clear plan for ensuring the right skills and capacity are in place. Delivery of the programme would be monitored through the following governance mechanisms:

- Performance and escalation mechanisms, including IQPD, JET and tri-partite meetings;
- MMHW monthly meetings with DHCW Chair and CEO;
- The National Digital, Data and Technology Board which is being established under the DG HSCEY

Recommendation 15

The committee recommends that:

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

Response:

Accept

Recognising that the statutory responsibility for the provision of social care lies with local authorities, the Welsh Government has prioritised funding through this route. In 2025-26, the revenue support grant (RSG) in the Local Government MEG will be increased by £235m to reflect the additional pressures being experienced by local authorities across their services, including social care.

In the final budget, we have also allocated a further £8.24m through the local government settlement to ensure every local authority sees an increase in their funding of at least 3.8% compared to 2024-25 on a like for like basis. This floor is 1.5% higher than the previous year and supports nine authorities, recognising the substantial pressures facing local authorities and the wide range of public services they deliver, including social care

Further, in 2025-26, we will continue the provision of more than £140m of funding support through the HSC MEG for social care provision and policy, via a series of funds and grants. Unpaid carers have been prioritised by the 12-month extension of the Short Breaks scheme (£3.5m) and the Carers Support Fund (£1.75m). Additionally, the continuation of three funded workstreams for unpaid carers as part of the Sustainable Social Services Third Sector Grant scheme (£710k).

In addition, the final budget allocates an additional £30m for social care to target delayed hospital discharges and provide more care and support in local communities. In 2025-26, it will be provided through a Pathways of Care Transformation Grant to local authorities to boost investment in community based social care.

Recommendation 16

The committee recommends that:

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

Response:

Accept

The collection of workforce data in social care has been delegated to Social Care Wales (SCW), to support their role as the workforce regulator, as a sponsored body. SCW undertake a range of data collections about the social care workforce which are published on their website. SCW keep records of all people registered to work in social care, and they publish regular updates on those registered. The [latest registration reports](#) are for 2022. SCW are in the process of reviewing and improving their registration reports. New data for these registration data reports will be made available at the end of 2025.

In addition to this, SCW undertake an annual workforce data collection and a workforce survey. The workforce data collection data for 2023 was published earlier in February 2025 and relates to data collected from June to October 2023. The 2024 report is due for publication in the summer of 2025. The annual workforce survey data for 2024 was published in [October 2024](#) and presents the findings from the survey which ran in January and February 2024. The 2025 survey is currently live and the report is expected in October 2025.

Recommendation 17

The committee recommends that:

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.

Response:

Accept

We are committed to raising the profile and status of the social care workforce through registration, improved pay, and better terms and conditions. Annually we provide approximately £32 million to Social Care Wales to support recruitment, retention and support improvements within the social care sector. Building on the 10-year Health and Social Care Workforce Strategy, in 2024, the Social Care Workforce Delivery Plan 2024-27. This plan outlines progress made so far and highlights further development areas based on engagement with the sector.

There are a number of other initiatives that support recruitment and retention for social care workers: We continue our commitment to fund the Real Living Wage; in recognition of the important role local authorities play in delivering core social services, we are continuing the Social Care Workforce Grant; Through the Social Care Fair Work Forum we are progressing with the development of a Pay and Progression Framework for social care. and have recently developed a Social Care Workforce Partnership, which will focus on developing models of best practice for the independent sector to adopt, with the aim of supporting more consistent terms and conditions.

We recognise that sick pay provision is as a priority for workers. We have spent time assessing our financial position and scoping options for this, unfortunately recent budgetary settlements have not allowed us to progress this area.

Employment law is non devolved. It is, however, positive that the Employment Rights Bill which has been recently announced by the UK Government, will include changes to Statutory Sick Pay, making it a day-one right for workers, and removing the lower-earnings limit, enabling many more workers to benefit from SSP.

We are continuing our commitment to fund Canopi, a mental health support service that's free at the point of access for health and social care workers. Although sick pay has been highlighted as a priority, it is important that appropriate support is also in place to promote the health and wellbeing of our workforce. Data from Canopi suggests that their timely, high-quality support has resulted in over 60% of clients feeling that they were able to continue to work while they were receiving support, helping to build and maintain a sustainable and resilient workforce.

Recommendation 18

The committee recommends that:

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

Response:

Accept

We have been anticipating the completion of the first report from the independent Real Living Wage evaluation. This stage has included consultation and interviews with national strategic stakeholders; care commissioners from local authorities and health boards; representatives from care providers and a survey with Direct Payment recipients who use their payment to fund Personal Assistants. We are expecting this to be published in March 2025.

The next stage is the Impact Evaluation where fieldwork has been undertaken and included engagement with the workforce, which will continue over the coming months. The Impact Evaluation is on track to be published in Summer 2025.

The findings from the full evaluation will be considered once the evaluation is completed. For 2025-26 funding has been included within the local authority RSG settlement to continue our commitment to fund the RLW, and we will work with local authorities to identify those who are experiencing challenges with implementation.

Recommendation 19

The committee recommends that:

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

Response:

Reject

Funding of £3.5m has been agreed to extend the Short Breaks scheme for an additional 12 months, to March 2026. This is an extension of the £9m invested in the agreed three-year scheme that ran from 2022-25, funded via the Social Care Reform Fund. Funding for 2025-26 remains at the same level as for 2024-25. The provision of respite remains a statutory responsibility of local authorities under the Social Services and Wellbeing (Wales) Act. The intention of the Short Breaks scheme is to drive a more creative and individualised approach to respite and should enhance what is provided by local authorities drawing from the Revenue Support Grant.

In 2025-26, the revenue support grant (RSG) in the Local Government MEG will be increased by £235m to reflect the additional pressures being experienced by local authorities across their services, including social care.

Recommendation 20

The committee recommends that:

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.

Response:

Accept in principle

National Insurance is not devolved. The UK Government has confirmed it will provide funding to public sector employers to cover the increased costs of employer National Insurance contributions. It will use the official ONS definition of a public sector employer. The UK Government has also confirmed the Welsh Government will be provided with our share of that funding to support the costs to the devolved public sector, but we have not yet had confirmation of how much additional funding Wales will receive.

We expect to receive the additional funding in late spring and are working with HM Treasury to clarify the details and the level of support that will be provided.

We recognise third sector organisations and businesses are concerned about increases to Employer National Insurance contributions. However, this will be fully or partially offset by increased Employer Allowance.

We will of course be in contact with our grant recipients in the third sector and others (that fall outside of the ONS definition of public sector) who deliver health and care services in the normal course of business; to understand any pressures they are facing that might impede delivery of agreed objectives.

The Cabinet Secretary for Finance has stated that as soon as we know the amount of money that will come to Wales to help with public sector employer contributions, that money will be made known to those services and that money will be passed to them immediately. What we cannot do is divert money away from our budget for this Senedd to make up for deficits in budgets that are not

our responsibility at all. That is the principle we intend to adhere to for this budget for Wales.