

# Welsh Budgetary Trade-offs: Looking forward to 2021-22

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Wales Public Services 2025

 2025  
Gwasanaethau Cyhoeddus Cymru  
**Wales Public Services**

# Last year's work

- In September 2017 we set out three scenarios for the rest of this Assembly. This meshed analysis of the UK Budget, the Welsh Budget and local government.
- Difficult decisions facing the Welsh Government.
- Challenge of balancing protected and non-protected services
- Ongoing pressures of ageing population contributing to NHS and social care pressures.

2025

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Welsh Government  
Budgetary Trade-offs:  
Looking Forward  
to 2021-22

September 2017

PRIFYSGOL  
CAERDYDD  
CARDIFF  
UNIVERSITY

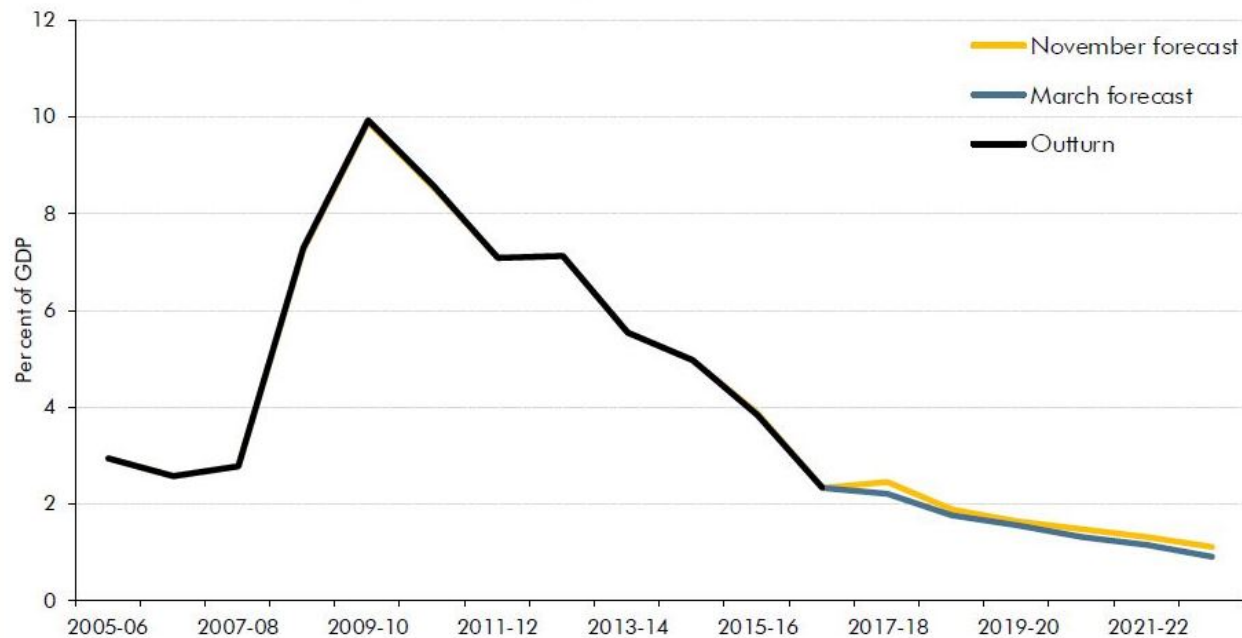
Canolfan  
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# Changes since September 2017

- 2017 UK autumn budget
- 2018 UK spring statement
- Welsh Budget for 2018-19 & 2019-20
- Recent UK Government announcement on NHS funding including consequential for Wales
- Time to update the trade-offs and set out some fresh scenarios
- Focusing on the Welsh Government budget only

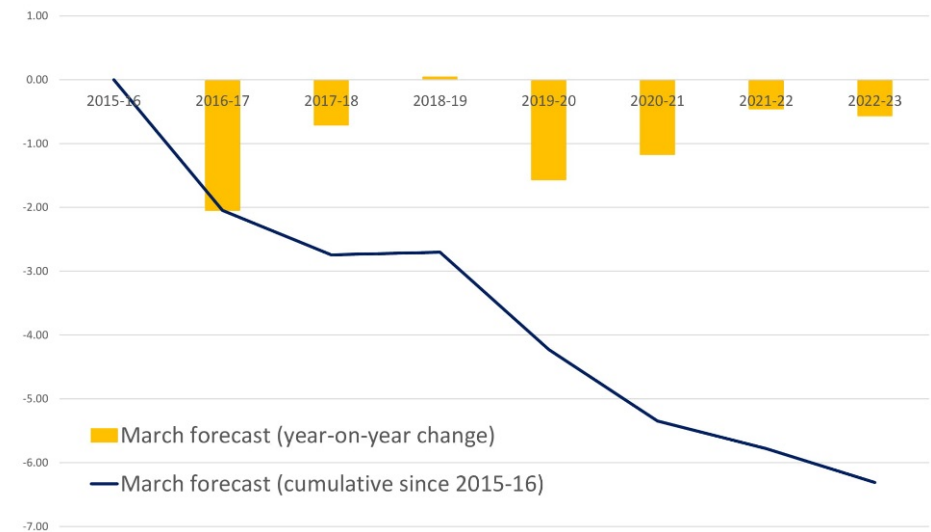
# UK policy: main influence of public spending in Wales

Chart 4.10: Public sector net borrowing



Source: ONS, OBR

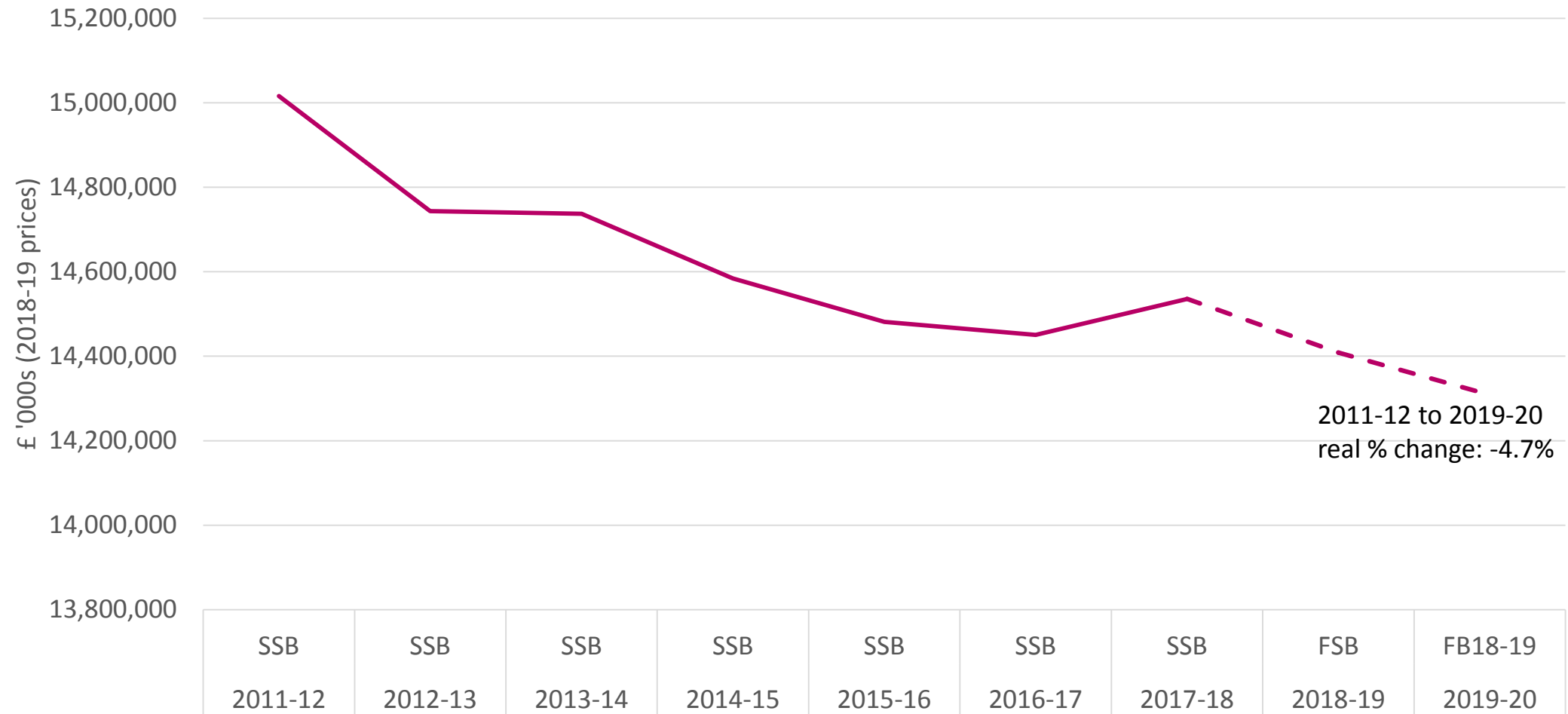
Change in real RDEL spending per capita from 2015-16



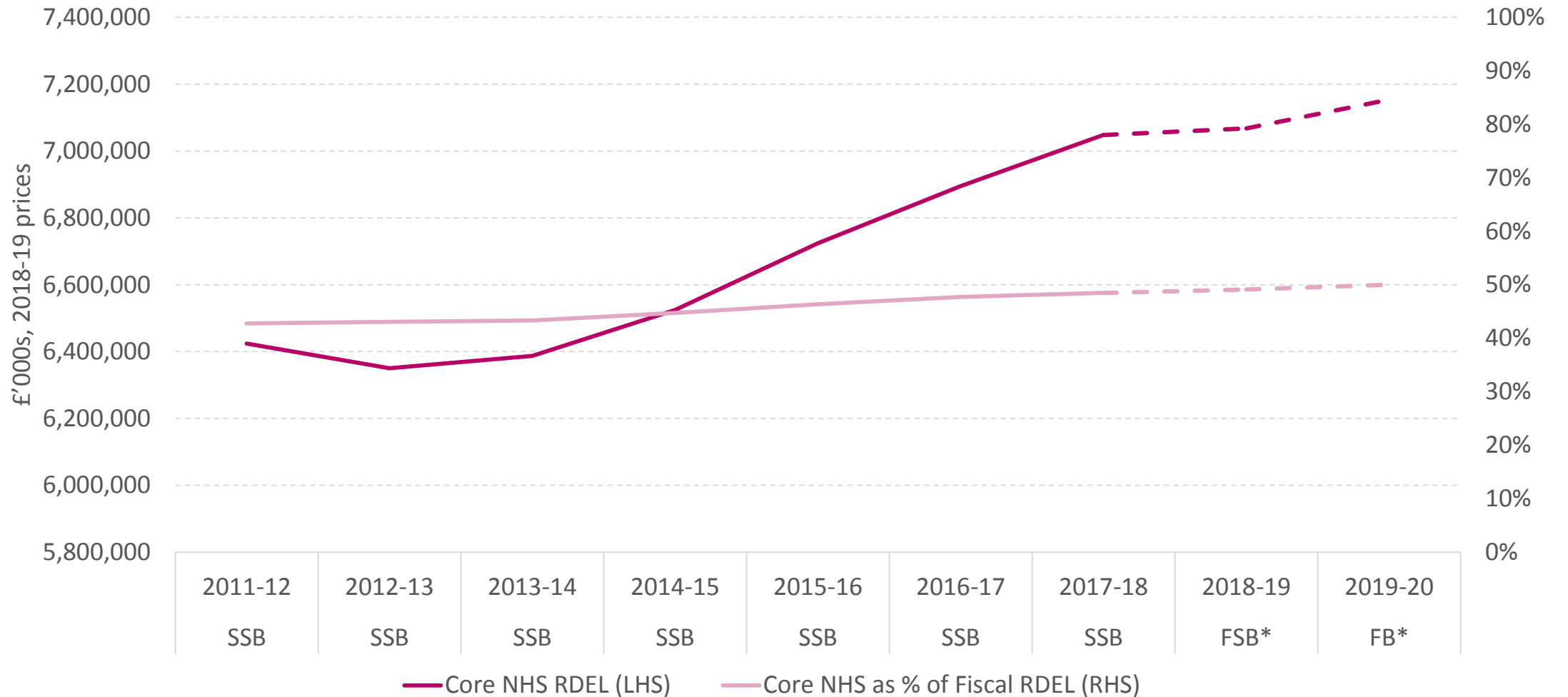
# Assumptions about the UK budget and announcements

- Assume that the UK Government will stick to the 2019-20 spending totals previously set out
- The NHS increase represents an *addition to total public spending*
  - May be partially offset by further cuts elsewhere
- For 2020-21 and 2021-22, we have assumed that spending on public services (excluding the NHS) will rise in line with inflation, i.e. keep their real value
- There are lots of uncertainties here, including the UK Government's intentions on social care, Brexit-related issues, etc.

# Welsh RDEL budget 2011-12 to 2019-20



# Core NHS as a percentage of RDEL

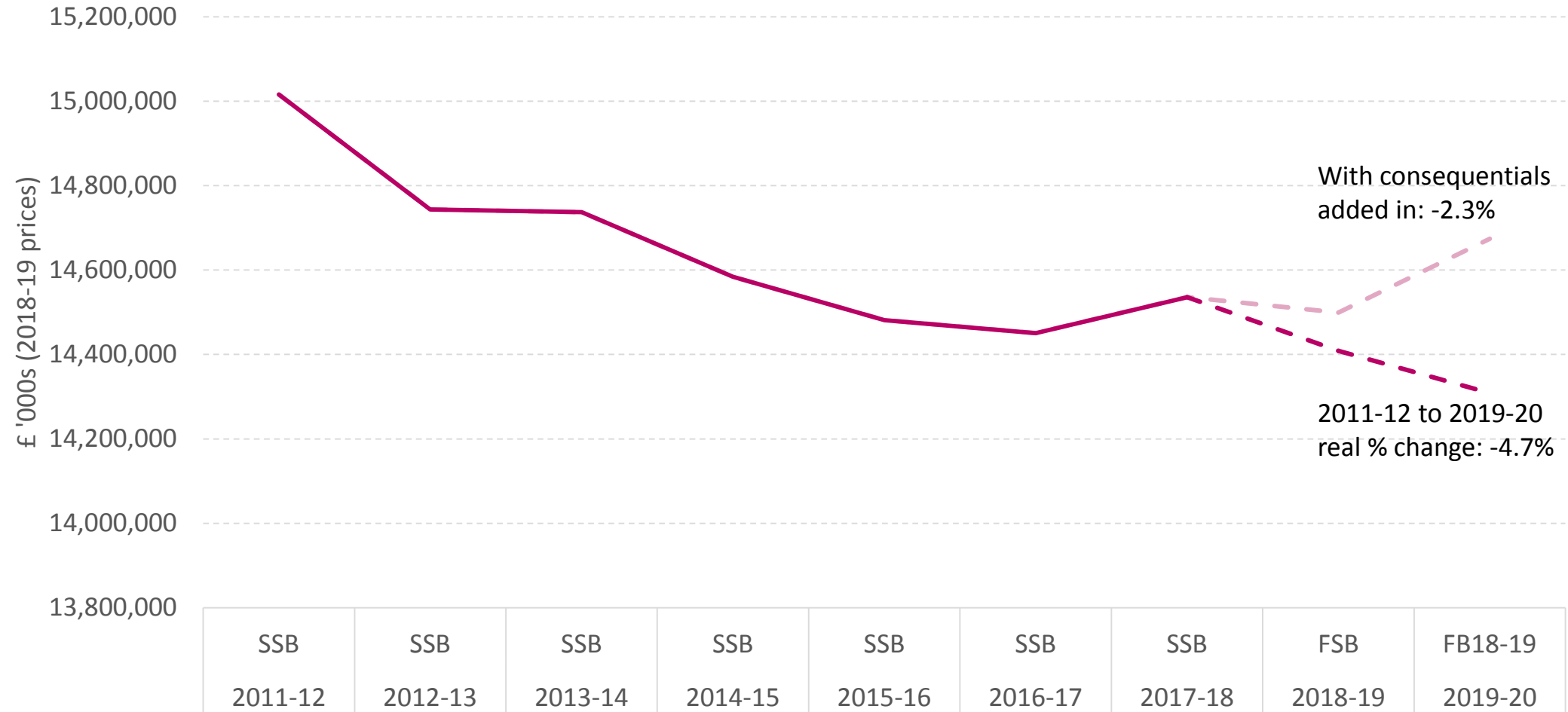


# NHS consequential for Wales

<b>NHS England RDEL (excluding depreciation)</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
New nominal NHS budget (£bn)	114.60	120.55	126.91	133.15	139.83	147.76
Cumulative real growth (18/19 prices) (£bn)		4.1	8.3	12.1	16.1	20.5
Real growth (%)		3.6%	3.6%	3.1%	3.1%	3.4%
Plus NHS pensions funding (£bn nominal)		1.25	1.25	1.25	1.25	1.25
Revised new nominal NHS budget (£bn)	114.60	121.80	128.16	134.40	141.08	149.01
<b>Welsh Government</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Barnett consequentials – Welsh Government (£ billion, nominal)		0.37	0.55	0.80	1.06	1.37
RDEL + NDR allocated to departments (£bn, real (2018-19 prices))*	14.5	14.7	14.8	15.1		



# Welsh RDEL budget 2011-12 to 2019-20



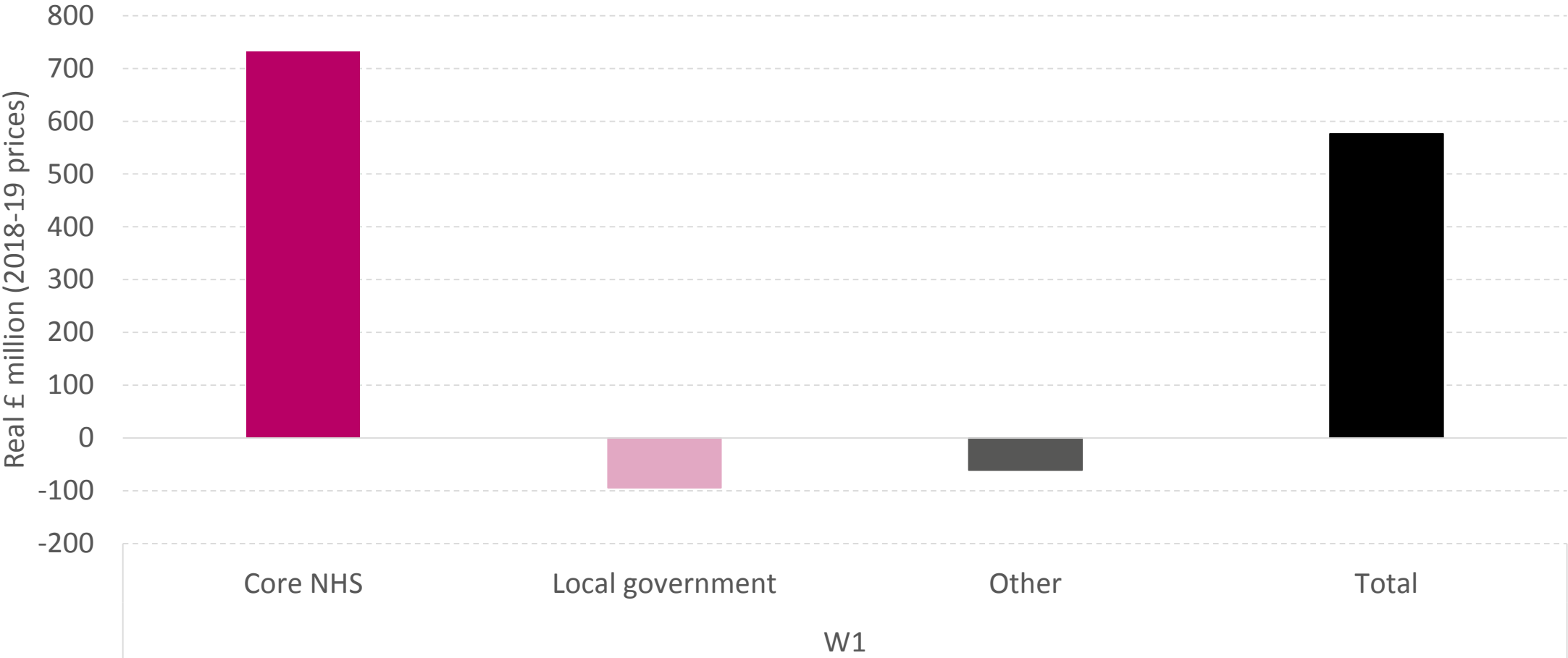
# Assumptions for WG Budget trade-offs

- No major changes in Welsh tax forecasts up to 2021-22
- Use 2018-19 First supplementary budget for 2018-19 allocations
- Use 2018-19 Final budget for 2019-20 allocations
- Plus any other changes from Autumn 2017 budget, Spring 2018 statement or within the year changes for 2017-18
- Welsh budget maintained in real terms after 2019-20
- Plus NHS consequentials
- An optimistic set of assumptions?

# Three 'what-if' scenarios

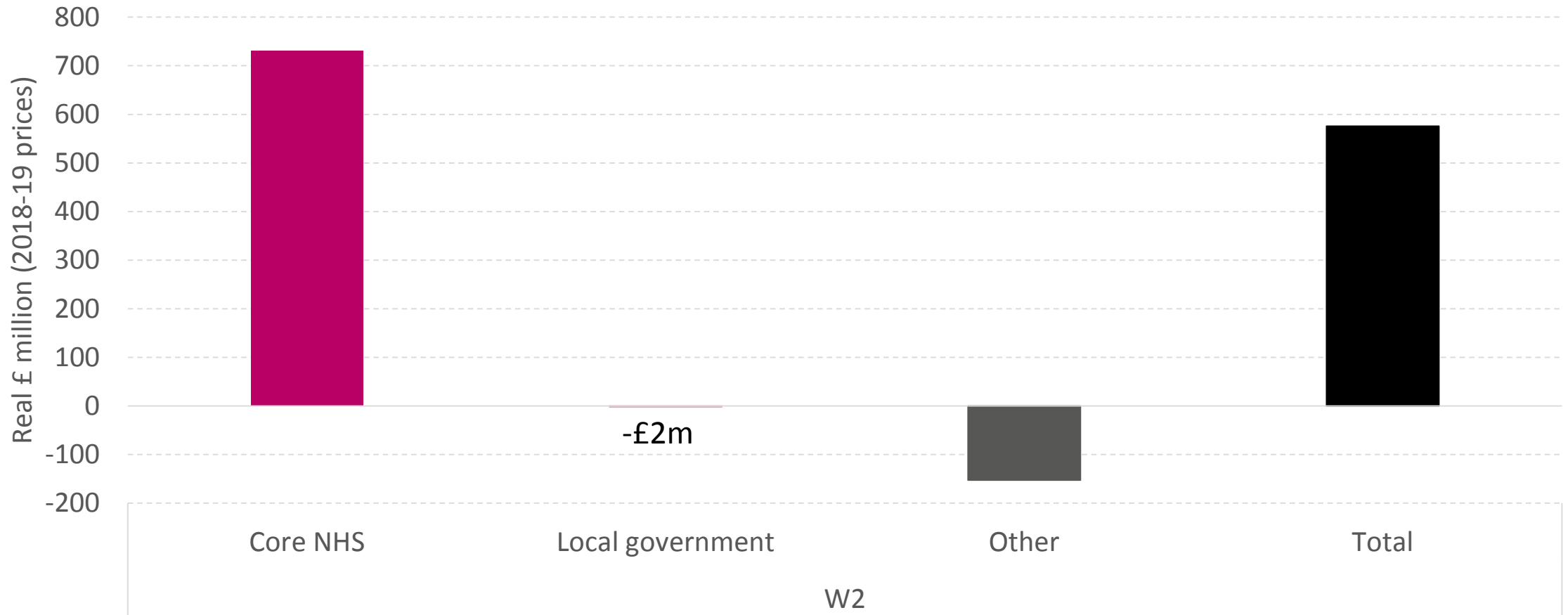
- W1: Assume only NHS grows at 3.4 per cent in real terms and nothing else changes
- W2: As W1 but protect schools and social services in real terms (or as proportion of the budget, whichever is higher), and grow local government *adult* social care at 4.1%
- W3: As W2, but *do not grow NHS*, i.e. what would happen if social care were prioritised instead?

# Scenario W1: RDEL £ change 2018-19 to 2021-22



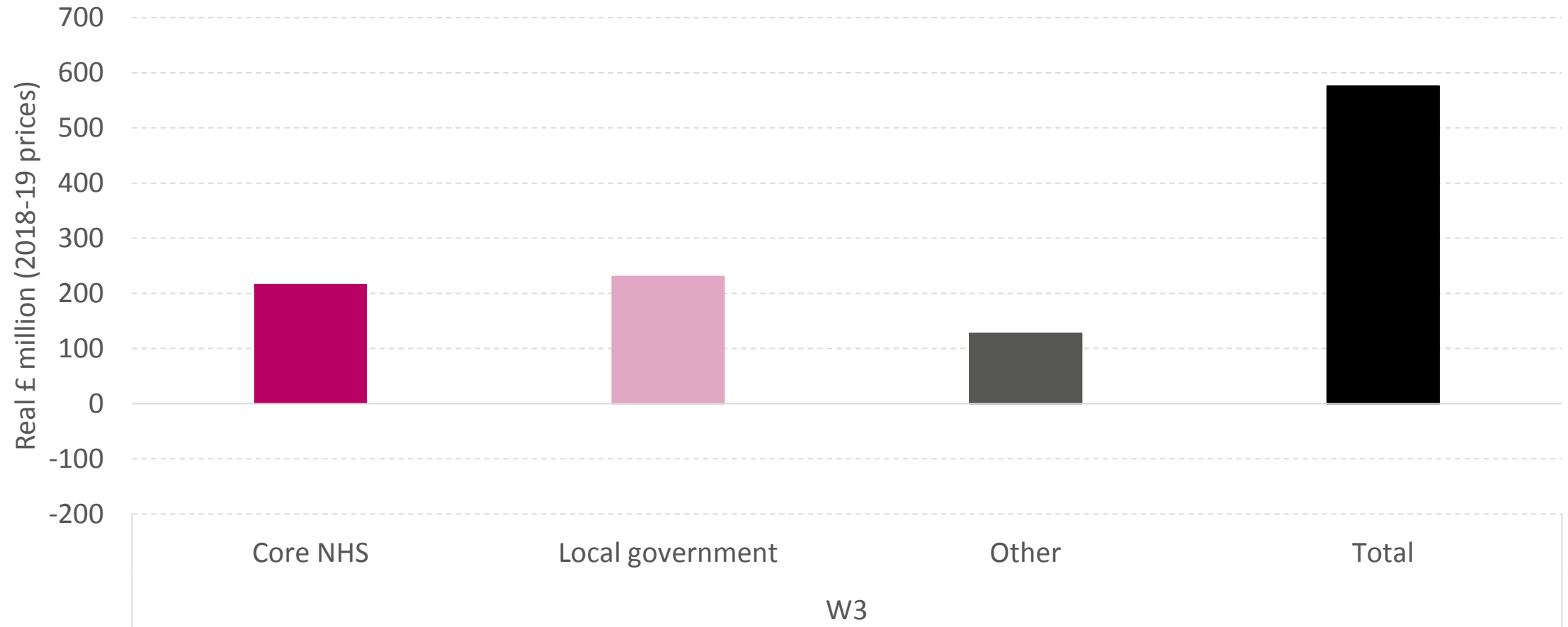
W1: Assume only NHS grows at 3.4 per cent in real terms and nothing else changes

# Scenario W2: RDEL £ change 2018-19 to 2021-22



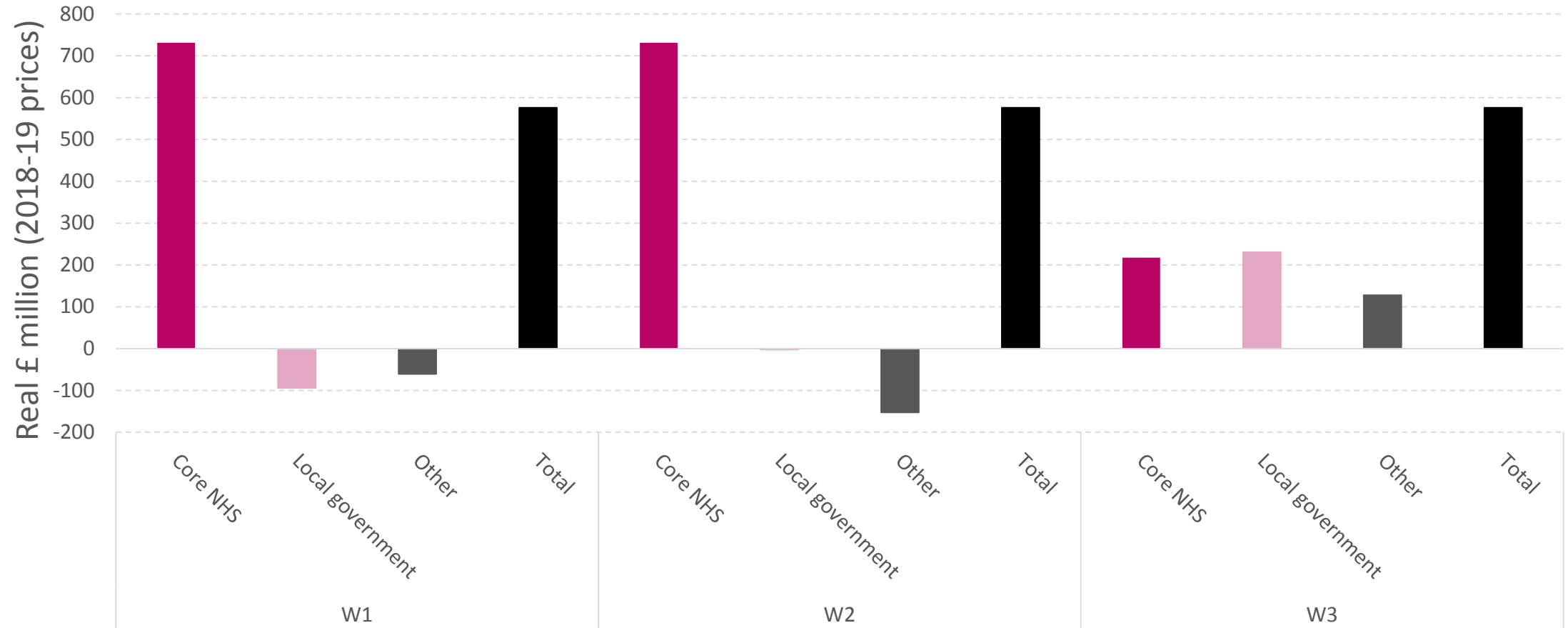
W2: As W1 (i.e. grow core NHS at 3.4% in real terms) but protect schools and social services in real terms (or as proportion of the budget, whichever is higher), and grow *adult* social care at 4.1%.

# Scenario W3: RDEL £ change 2018-19 to 2021-22



W3: As W2, (i.e. protect schools and social services in real terms and grow local government *adult* social care at 4.1%) but do not grow NHS at 3.4%. What would happen if social care were prioritised instead?

# Scenarios: RDEL £ change 2018-19 to 2021-22



# Trade-offs – big issue despite higher RDEL

- NHS and social care funding should increase to meet rising demand
- Continued pressures on improving efficiency and service transformation
- Ongoing pressures on other services – e.g. public sector pay
- Impact on important ‘unprotected’ services such as housing etc.
- Difficult trade-offs remain, despite increase to WG budget
- Substantial uncertainty about whether part of NHS increases would be offset by cuts elsewhere
- More information in Spending Review 2019



# For more information

A pink speech bubble containing the year 2025 in white text.

2025

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<http://www.walespublicservices2025.org.uk/>  
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