



Llywodraeth Cymru
Welsh Government

STATISTICS, DOCUMENT

NHS expenditure programme budgets: April 2021 to March 2022

This annual release presents NHS expenditure by programme of care based on the medical condition the expenditure relates to. This includes expenditure on primary care services, such as GPs and dentists, as well as secondary care services, such as hospitals.

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Introduction

This release presents NHS expenditure by programme of care based on the medical condition the expenditure relates to. This includes expenditure on primary care services, such as GPs and dentists, as well as secondary care services, such as hospitals.

Programmes of care, i.e. programme budget categories, are defined by reference to the [International Classification of Diseases Version 10 codes \(ICD 10\) \(World Health Organization\)](#). Analysing expenditure in this context focusses on patient and the care they receive, rather than the provider of care. The allocation of expenditure to programme budget categories is carried out using the best available information. Calculating programme budgeting data is complex and not all healthcare activity or services can be classified directly to a programme budgeting category or care setting.

Expenditure data are presented at current prices and make no adjustment for inflation. This should be considered when making comparisons between years.

Data is sourced from local health board level returns which were consolidated by the NHS Wales Finance Delivery Unit (part of NHS Wales Executive).

All data included in this release is published on [StatsWales](#).

Impact of COVID-19

The Coronavirus (COVID-19) pandemic has greatly impacted health services from the 2020-21 financial year onwards. In broad terms, NHS expenditure was affected by responding to the various demands of the pandemic in 2020-21, while 2021-22 was affected by both responding to the continuing pandemic and

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services resuming following disruption caused by the pandemic. As a result there have been substantial year-on-year changes for several programme categories since the pandemic started. Further information on the impact of COVID-19 is available in the [quality report](#).

Main points

- Total expenditure for all programme budget categories was £8.8 billion or £2,834 per head of the population in 2021-22.
- Total expenditure increased by just over £460 million or 5.5% in 2021-22 compared to 2020-21 and 62.2% higher than a decade ago.
- Total expenditure has increased each year since 2009-10. The increase in 2021-22 was the third highest after 2020-21 (14.6%) and 2019-20 (7.0%).
- The largest single programme budget category (excluding Other) was Mental health problems accounting for 10.9% (£962 million) of total expenditure. This has been the largest programme budget category since 2009-10.
- The programme budget category with the biggest percentage increase was Healthy individuals, which increased by 33.5% from 2020-21 (£65.3 million).
- The programme budget category with the biggest monetary increase was Musculo skeletal system problems (excluding Trauma), which increased by £70 million (22.9%) from 2020-21. However, this category had seen a substantial decrease in 2020-21 during the height of the pandemic.
- The budget category with the largest increase in the past 10 years was 'Infectious diseases' which increased by £346 million and accounted for 10.2% of the total increase. The majority of this increase was as a result of COVID-19 where expenditure in 2021-22 was 3.5 times higher than in 2019-20.
- Expenditure per head of the population on clinical programmes (excluding Other) ranged from £14.04 on Hearing problems to £309.64 on Mental health problems in 2021-22.

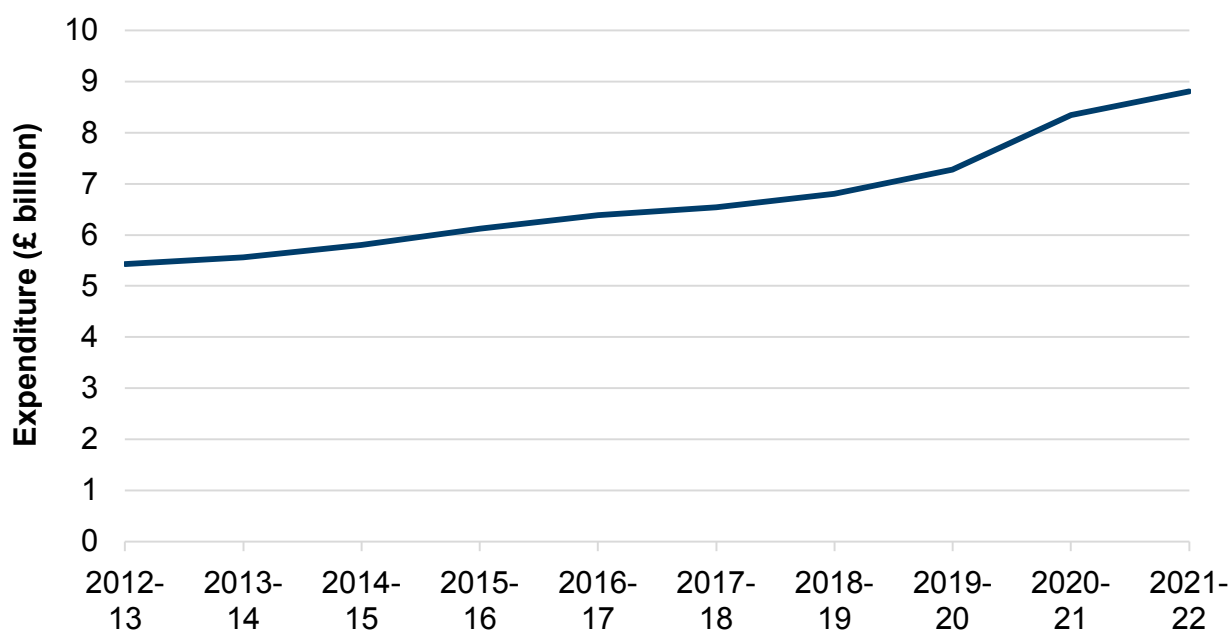
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NHS expenditure over time

Figure 1: Total NHS expenditure, 2012-13 to 2021-22 (£ billion)



Description of Figure 1: Time series chart showing that total NHS expenditure has increased over the last 10 years, with a sharper increase since 2019.

Source: NHS Wales Finance Delivery Unit

NHS expenditure by budget category and year on StatsWales

Total NHS expenditure has increased by 62.2% (or £3.4 billion) since 2012-13. There have been sharper year-on-year increases in expenditure since the COVID-19 pandemic began (7.0% in 2019-20 and 14.6% in 2020-21).

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The budget category with the largest increase in the past 10 years was Infectious diseases which increased by £346 million and accounted for 10.2% of the total increase. This was closely followed by Mental health problems which increased by £344 million (also accounting for 10.2% of the total increase).

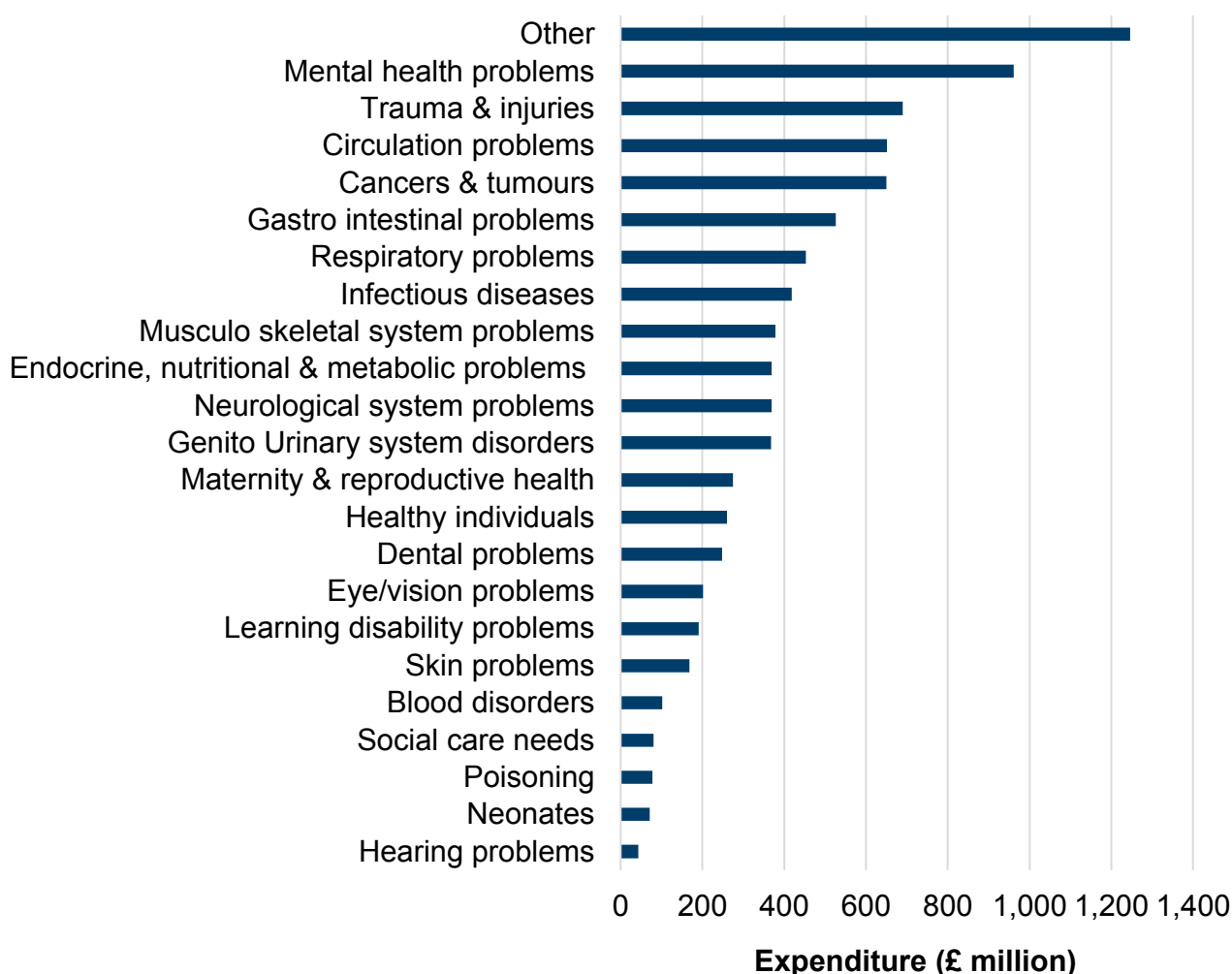
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Summary of expenditure by programme budget category

Figure 2: NHS expenditure by programme budget category, 2021-22 (£ million)



Description of Figure 2: Bar chart showing that expenditure varies widely across categories with the expenditure in the largest category (excluding Other) Mental

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health problems twenty-two times greater than the smallest category Hearing problems.

Source: NHS Wales Finance Delivery Unit

NHS expenditure by budget category and year on StatsWales

In 2021-22, the category with the largest expenditure (excluding Other) was Mental health problems which accounted for 10.9% (£962 million) of all NHS expenditure. Nearly half of the spend on the Mental health problems was allocated to the General mental illness subcategory. The Mental health problems category has had the largest proportion of all NHS expenditure since 2009-10 when health boards were reorganised. The second largest category was Trauma & injuries (including burns) which accounted for 7.8% of all NHS expenditure (£690 million).

In addition to the expenditure that can be categorised by medical diagnosis, there are two specific groups for Healthy Individuals and Social Care Needs. These capture the costs of prevention programmes and services that support individuals with social rather than health care needs. Together they amounted to 3.9% of total expenditure in 2021-22 (£341 million).

Other expenditure

Not all healthcare activity or services can be classified directly to a programme budgeting category. Where it was not possible to assign activity by medical condition, preventative activity or social care need, with current data sources and methodologies, expenditure was allocated to the category of Other. Other is the largest of all categories and accounted for £1.2 billion (14.2%) of expenditure in 2021-22. This spend sits outside the clinical programmes and should be kept in mind when analysing the cost of delivery of programmes of care.

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The largest subgroup within the Other programme category was expenditure on General Medical Services (41.9% of all expenditure in Other). 94% of Primary Care General Medical Services costs were not allocated to clinical programme categories. This means that the large majority of patient care delivered through general practices has not been allocated to the medical condition which care was provided for, and has instead been captured in the Other category.

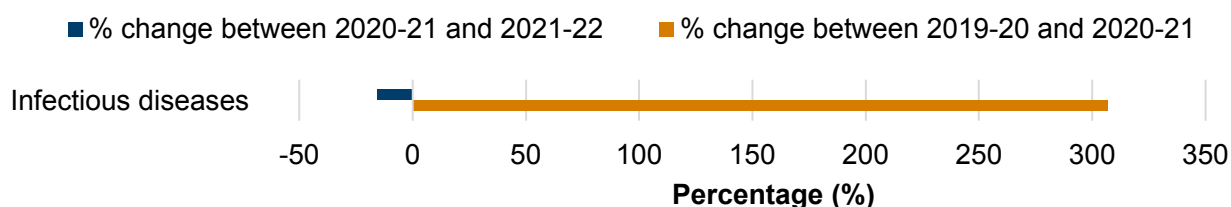
29% of Continuing Healthcare spend was also unallocated to programme categories and accounted for 12.5% of the Other category expenditure. Further information on expenditure included in the Other category is available in the [quality report](#).

NHS expenditure 2019-20 to 2021-22

A number of programmes have experienced considerable fluctuation in year and across years as a result of the direct and indirect impact of the COVID-19 pandemic.

Looking at pre-pandemic comparisons, the biggest change was in the Infectious diseases category. The percentage change for Infectious diseases is shown separately in Figure 3 so that changes to the other programme budget categories can be seen more easily in Figure 4.

Figure 3: Percentage change in NHS expenditure for Infectious diseases programme budget category, 2019-20 to 2021-22



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Description of Figure 3: Bar chart showing expenditure for Infectious diseases increased by over 300% between 2019-20 and decreased by 15.4% in 2021-22.

Source: NHS Wales Finance Delivery Unit

NHS expenditure by budget category and year on StatsWales

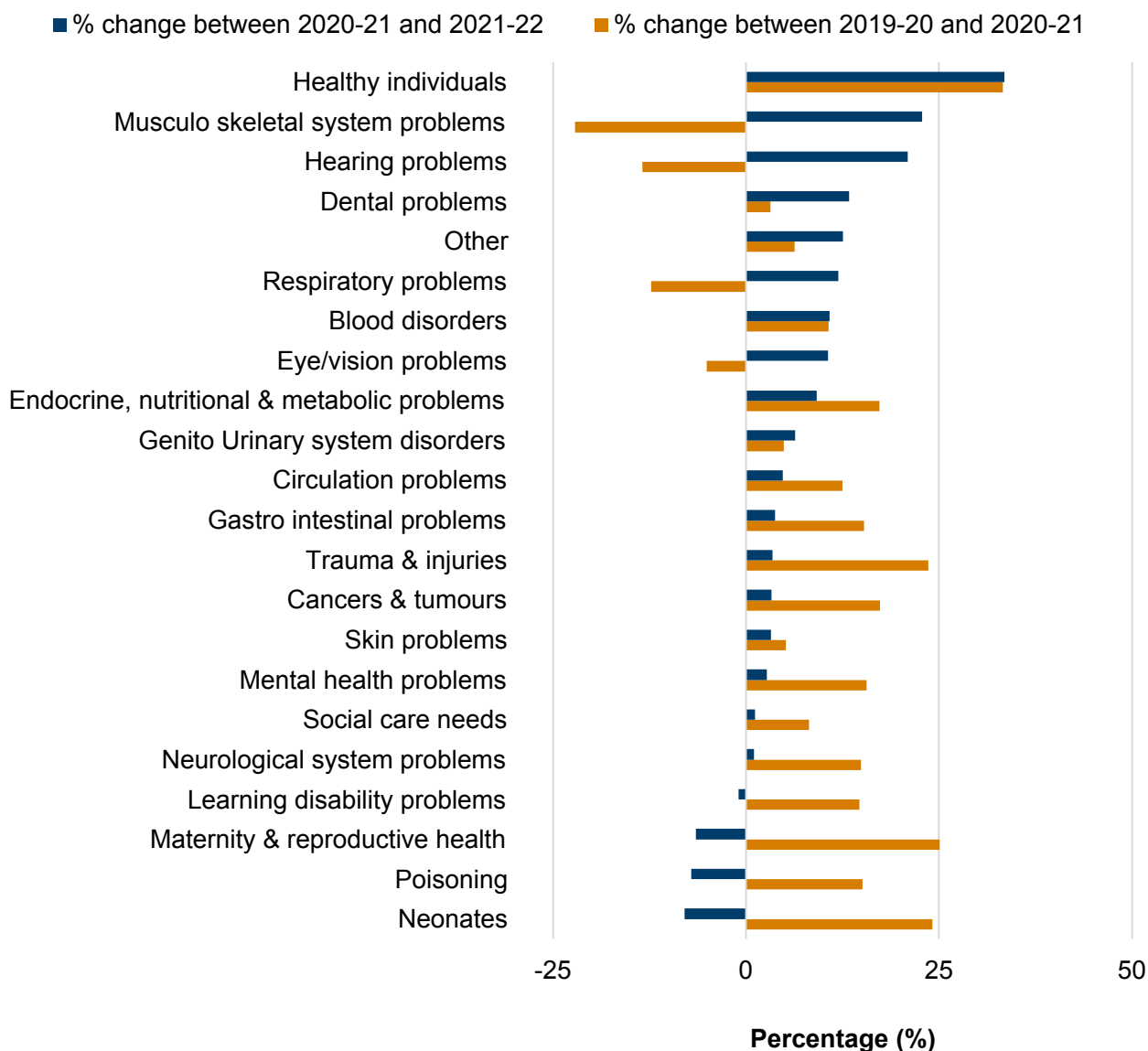
Infectious diseases was the category that had the largest decrease in 2021-22, where expenditure decreased by £76 million (15.4%) compared to 2020-21. However, this category had increased by £373 million (or 306.6%) in the prior year due to spending in response to the pandemic. While the level of acute hospital activity as a result of COVID-19 treatment was still high, it reduced in 2021-22 compared to 2020-21. The reduction in this expenditure was partly offset by increased investment in the Test, Trace, Protect programme. The expenditure on Infectious diseases in 2021-22 was around 3.5 times higher than in pre-pandemic years and was the biggest increase by far from 2019-20 to 2021-22.

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Figure 4: Percentage change in NHS expenditure by programme budget category, 2019-20 to 2021-22



Description of Figure 4: Bar chart showing the percentage change by programme budget category (excluding Infectious diseases) between 2019-20 and 2020-21 and 2020-21 and 2021-22. COVID-19 has impacted greatly on

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year-on-year changes since 2019-20.

Source: NHS Wales Finance Delivery Unit

NHS expenditure by budget category and year on StatsWales

In 2021-22, the programme budget category (excluding Other) which saw the largest monetary increase was Musculo skeletal system problems (excluding Trauma) which increased by £70 million (22.9%) from 2020-21. However, this category had substantially decreased in the previous year due to a reduction in activity impacted by the pandemic. The increase in 2021-22 brought expenditure for this category close to its pre-pandemic level. The Respiratory problems category also followed a similar pattern, with a large annual decrease in 2020-21, followed by a comparably large increase in 2021-22 due to the effects of the pandemic and subsequent service recovery. Expenditure on Respiratory problems had also returned close to its pre-pandemic level in 2021-22.

The next largest monetary increase was in Healthy individuals which increased by £65 million (33.5%) in 2021-22. This increase is in large part due to the investment in the Mass Vaccination programme. Healthy individuals also increased by 33.3% (£49 million) in 2020-21. From 2019-20 to 2021-22 expenditure on Healthy individuals has increased by 77.9% (the second biggest percentage increase).

Programme categories such as Neonates, Poisoning and Maternity & reproductive health saw decreases in expenditure in 2021-22 compared to the previous year. However, expenditure in these categories had increased in 2020-21 as a result of increased activity or increased costs for various reasons. Overall, expenditure in these categories was higher in 2021-22 than in 2019-20.

Looking across 2019-20 to 2021-22, excluding Infectious diseases, the biggest monetary increases for clinical categories were in Mental health problems and Trauma & injuries (including burns) where expenditure had increased by just

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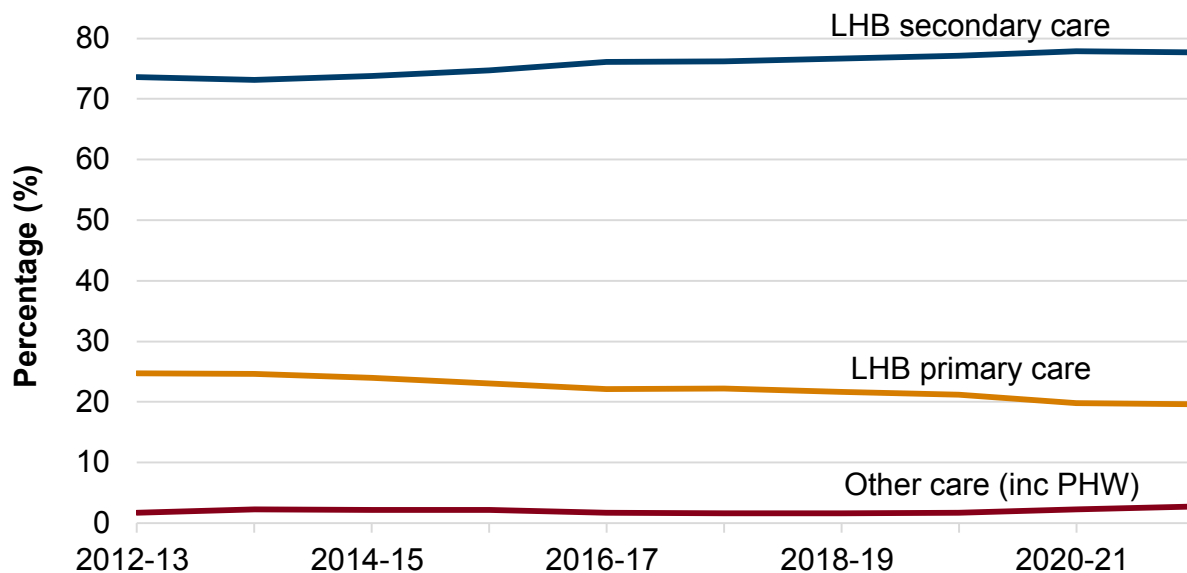
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over £150 million for each category. Both categories had similar larger increases in 2020-21 followed by more modest increases in 2021-22. These categories also showed the highest monetary increases between 2018-19 and 2019-20 (excluding Other).

Expenditure by commissioner

NHS expenditure can be analysed by programme budget category and commissioner. Local health boards (LHBs) fund commissioned services provided by primary care practitioners such as GPs and dentists, who are generally the first point of contact with the NHS for the patient, and secondary care services such as hospital treatment. These are usually provided following a referral of the patient by their primary care provider. Total LHB expenditure includes a small amount of other care expenditure which cannot be classified to primary or secondary care, for example, payments to other providers, such as charities.

Figure 5: NHS expenditure by commissioner, 2012-13 to 2021-22



Description of Figure 5: Line chart showing that about three-quarters of NHS expenditure relates to LHB secondary care.

Source: NHS Wales Finance Delivery Unit

NHS expenditure by budget category and year on StatsWales

In 2021-22, as in previous years, the majority of expenditure is accounted for within the secondary care sector (77.7% or £6.8 billion). The proportion of expenditure for secondary care has increased over time whilst that for primary care has decreased. Expenditure for Other care has remained at about 2% of the total.

The largest proportion of secondary care expenditure was allocated to Mental health problems (13.1%).

Close to a third (29.5%) of primary care expenditure was allocated to the Other General Medical Services subcategory. Therefore a large portion of primary care expenditure has not been able to be allocated to a specific clinical category. The specific clinical categories with the largest primary care expenditure were Endocrine, nutritional & metabolic problems (11.7%) and Dental problems (10.9%).

Nearly half (45.5%) of the Other care spend related to Other Public Health Wales (PHW) functions.

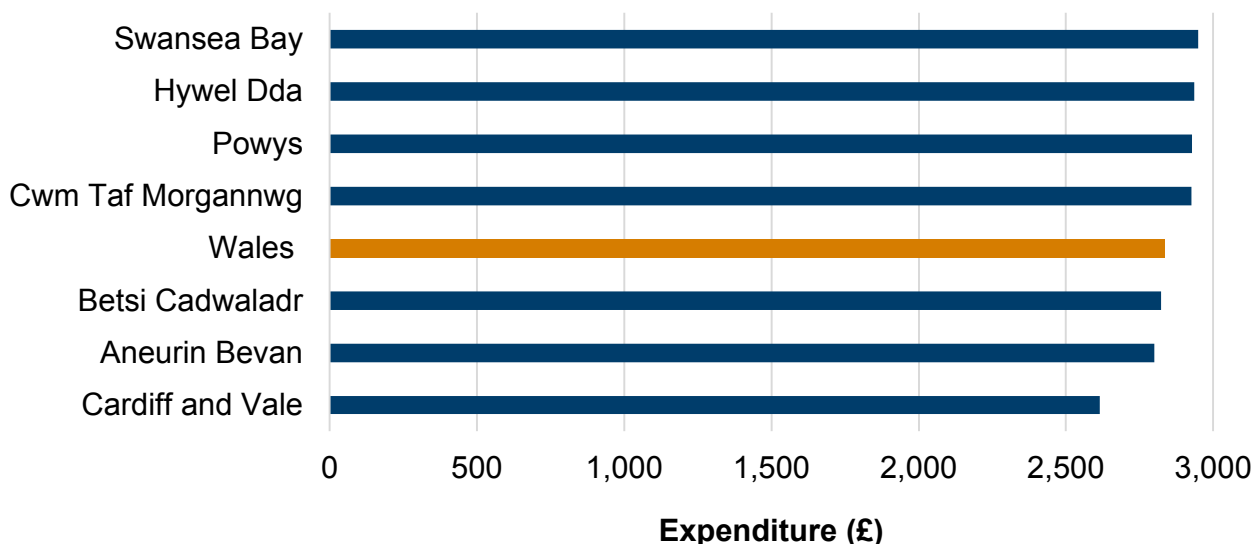
Expenditure by local health board

Financial figures are collected from all Welsh local health boards and NHS Trusts. All expenditure on Welsh residents is included in this release, including expenditure on services funded by Welsh local health boards and provided by NHS and private providers of health care, both within and outside Wales.

In 2021-22, at local health board level, NHS expenditure ranged from £391 million in Powys to £1.9 billion in Betsi Cadwaladr. Similarly to the national picture, Mental health problems was the largest programme budget category (excluding Other) for all local health boards. The smallest programme budget category was Hearing problems except for in Swansea Bay where it was Neonates and in Powys where it was Social care needs.

Compared to 2020-21, expenditure increased by around 5.0% for all LHBs except for Aneurin Bevan and Powys which increased by 7.8% and 7.7% respectively.

Figure 6: NHS expenditure per head of population by local health board, 2021-22



Description of Figure 6: Bar chart showing that expenditure per head of population ranged between £2,615 per head in Cardiff and Vale and £2,949 in Swansea Bay in 2021-22.

Source: NHS Wales Finance Delivery Unit

NHS expenditure per head by budget category and year on StatsWales

In 2021-22, at local health board level, NHS expenditure per head ranged from £2,615 in Cardiff and Vale to £2,949 in Swansea Bay.

Compared to 2020-21, expenditure per head increased in all local health boards ranging from 6.1% in Hywel Dda to 9.6% in Aneurin Bevan.

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Quality and methodology information

Expenditure data are calculated from local health board programme budgeting returns to the Welsh Government.

To calculate the expenditure per head of population, the Office for National Statistics (ONS) Mid-Year Population Estimates were used. The mid-year estimate for 2021 was used as a denominator for 2021-22 expenditure.

The percentages in this release are rounded to the nearest 0.1.

Further information is available in the [quality report](#).

Well-being of Future Generations Act (WFG)

The Well-being of Future Generations Act 2015 is about improving the social, economic, environmental and cultural wellbeing of Wales. The Act puts in place seven wellbeing goals for Wales. These are for a more equal, prosperous, resilient, healthier and globally responsible Wales, with cohesive communities and a vibrant culture and thriving Welsh language. Under section (10)(1) of the Act, the Welsh Ministers must (a) publish indicators (“national indicators”) that must be applied for the purpose of measuring progress towards the achievement of the wellbeing goals, and (b) lay a copy of the national indicators before Senedd Cymru. Under section 10(8) of the Well-being of Future Generations Act, where the Welsh Ministers revise the national indicators, they must as soon as reasonably practicable (a) publish the indicators as revised and (b) lay a copy of them before the Senedd. These national indicators were laid before the Senedd in 2021. The indicators laid on 14 December 2021 replace the set laid on 16 March 2016.

Information on the indicators, along with narratives for each of the wellbeing

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goals and associated technical information is available in the [Wellbeing of Wales report](#).

Further information on the [Well-being of Future Generations \(Wales\) Act 2015](#).

The statistics included in this release could also provide supporting narrative to the national indicators and be used by public services boards in relation to their local wellbeing assessments and local wellbeing plans.

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