

# Health and Social Services Committee

**HSS(2)-18-06(p.10)**

**Meeting date: Wednesday 13 December 2006**

**Venue: Committee Room 1, Senedd, National Assembly for Wales**

**Title: LHBs' Cumulative Deficits.**

## **Purpose**

The committee requested a paper regarding the cumulative deficits of LHBs at its meeting of 8 March 2006.

## **Summary**

The cumulative debts of LHBs at 31 March 2006 stood at £24.545m. To date, a planned deficit has been agreed with Swansea LHB of £3.4m for 06/07. The total cumulative debt relating to LHBs therefore stands at £27.945m.

## **Background**

In the context of the question, it is important to differentiate between "deficits" and "debts".

A deficit is the amount by which an organisation's expenditure, in the case of Trusts, or consumption of resources in the case of LHBs, exceeds the organisation's income or resource limit respectively. The cumulative deficit is the aggregate of all the deficits, less any surpluses which may have reduced the overall total in the intervening period.

The debt held by an organisation is the amount of assistance provided by way of loans or resource cover by the Welsh Assembly Government in support of organisations in a deficit position, in order to assist that organisation in remaining solvent and continuing to provide services to the public. The financial regime requires that organisations with debt produce Service Change and Efficiency Plans in order to repay the debt by making planned surpluses in future years. Government officials scrutinise plans very carefully in order to ensure that patient services are not compromised by the implementation of such a plan.

The total accumulated debt for LHBs is shown below:

<b>Local Health Boards</b>	<b>Accumulated prior to 06/07 £m</b>	<b>Agreed Loans 2006/07 £m</b>	<b>Total Accumulated Debt £m</b>
Cardiff	11.576	0.000	11.576
Carmarthenshire	0.772	0.000	0.772
Ceredigion	0.598	0.000	0.598
Powys	1.759	0.000	1.759
Vale of Glamorgan	2.960	0.000	2.960
Monmouth	1.400	0.000	1.400
Newport	0.900	0.000	0.900
Swansea	4.580	3.400	7.980
<b>Total</b>	<b>24.545</b>	<b>3.400</b>	<b>27.945</b>

For the sake of completeness, the accumulated debts of NHS Trusts are shown below:

<b>Trusts</b>	<b>Accumulated prior to 06/07 £m</b>	<b>Agreed Loans ~ 2006/07 £m</b>	<b>Total Accumulated Debt £m</b>
Cardiff and Vale	19.855	0.000	19.855
Carmarthenshire	22.800	0.000	22.800
Ceredigion and Mid Wales	3.103	0.000	3.103
Conwy & Denbighshire	4.184	2.500	6.684
Gwent Healthcare	6.088	0.000	6.088
North East Wales	3.631	0.000	3.631
North Glamorgan	0.875	0.000	0.875
Pembrokeshire and Derwen	13.530	0.000	13.530
Swansea	2.208	0.000	2.208
Velindre	0.172	0.000	0.172

Total	76.446	2.500	78.946
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The total accumulated debt to be repaid by the NHS in Wales at 1 April 2006 therefore was £100.991m, with a further £5.9m of debt agreed with organisations which are forecasting a deficit to date during 2006/07.

Included in the £100.991m is £16.647m of historical debt, relating to the accounts of the former health authorities held in the books of NHS Trusts. The previous Minister for Health and Social Care agreed to write off these debts when the bodies had achieved two consecutive years' of financial balance. Excluding the historical debt therefore the net recoverable debt at 31 March was £84.344m.

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