

Dr Andrew Goodall
Director General Health & Social Services/NHS Wales Chief
Executive

11 August 2020

Dear Dr Goodall

Implementation of NHS Finance (Wales) Act 2014

As you are aware, the Committee has been examining the implementation of the NHS Finance (Wales) Act 2014 following the publication, in July 2017, of the Auditor General for Wales' review. The Committee was scheduled to conclude its work during the summer 2020 term but as a result of the public health emergency, we were unable to do so.

I am pleased to learn that eight out of the eleven NHS organisations broke even in 2019–20. This, together with the fact that six out of the ten health boards and NHS trusts covered by the 2014 Act complied with the statutory break even duty by operating within their budgets over the three-year period of assessment from April 2017 to March 2020, is reassuring.

I was also encouraged to note the progress Cardiff and Vale University Health Board has made with the development of an approvable Integrated Medium Term Plan as well as ending the 2019–20 financial year in balance.

However, it was disappointing to hear that four Health Boards had not complied with the three-year duty to break even with three having not had their three-year plans approved in 2019/20. As a result, the Auditor General for Wales qualified his audit opinion on the accounts of these bodies.

In a [statement](#), the Auditor General set out that while some positive progress has been made in three of those Health Boards, the position in Swansea Bay had deteriorated. He also noted that several health boards continue to record annual deficits, despite some significant increases in their funding.



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I wish to raise the matter of the strategic cash support totalling nearly £470 million provided to four health boards since 2014. I understand that this funding was provided to NHS bodies who failed to break-even in order to enable them to meet their financial obligations to staff and suppliers. In July, the Health Minister announced that the £470 million would not, as he previously expected, need to be paid back by those health boards. He also announced that once an NHS body meets its duty under the NHS Finance (Wales) Act 2014 to break-even over a three-year period, it will not have to pay back historic deficits. While we have touched on some of these matters in our previous scrutiny, I would welcome some clarification on a few areas for the record:

- 1) Where did the £470 million funding come from?
- 2) Were there any conditions attached to the funding when it was provided, and if so were they met?
- 3) How the additional funding and the decision that has now been taken around pay-back marries with the principles and requirements of the NHS Finances Act 2014?
- 4) Whether it is now the position that NHS bodies that continue to over-spend in future will never have to pay back those deficits?

You may recall that there is also an outstanding action point arising from our meeting with you on 9 March 2020 whereby you agreed to send a note providing examples of initiatives and projects that are helping to control and manage the deployment of agency staff and as part of wider workforce planning. I would be grateful if you could please respond to this request.

The Public Accounts Committee will carefully consider and discuss your response and may wish to hold an evidence session, to further discuss these issues and wider matters relating to NHS finances in the autumn term. In the meantime, the Committee also awaits with interest publication of the NHS summarised accounts for 2019-20.

Yours sincerely,



Nick Ramsay MS
Chair

Croesewir gohebiaeth yn Gymraeg neu Saesneg / We welcome correspondence in Welsh or English.

