

Dr Andrew Goodall
Director General Health & Social Services/NHS Wales
Chief Executive
Welsh Government
Cathays Park
Cardiff CF10 3NQ

11 October 2017

NHS Finance (Wales) Act 2014

Dear Dr Goodall,

Thank you for attending the Public Accounts Committee on 10 July 2017 to discuss the NHS Finance (Wales) Act 2014. The Committee considered this to be an important topic for scrutiny given that at the end of first three year period, four out of seven University Health Boards were in deficit and had had their accounts qualified. Following the meeting, the Committee agreed it was useful I wrote to you with our observations, which I have copied to the Chair of the Health, Social Care and Sport Committee as they will be relevant to the ongoing scrutiny of the Health and Social Services budget.

The Committee welcomes the moves within health boards to start planning on, at least, a medium term that the act has introduced. However, we have some concerns about an over-reliance on in year funding, which is an issue we have raised as a Committee previously. We found the experience set out by Mr Brace while he was in Aneurin Bevan interesting, particularly that it was ‘...a reinforcement to take a medium-term look’. We would encourage best practice from those Health Boards functioning within the act to be shared to those that have failed to discharge their duties under the act.



The Committee were interested to hear about the Finance academy, which seems to be a good model, and we intend to follow this as it develops a model for sharing best practice. In addition to ensuring those who work for the NHS receive the necessary training, we also believe it is important to ensure that there are also mechanisms to ensure everybody accountable e.g. Board members also have the necessary understanding of NHS finance to monitor and hold the staff effectively to account.

As a Committee, we welcome that Welsh Government are now using escalation framework to set out their expectations and provide support to those organisations not meeting them. We believe that it is very important that the deficits are shown clearly on balance sheets to aid comprehension of the financial situation within each Health Board. Moving forward, the Committee will be expecting to see improvements for the next reporting period. In particular, we anticipate marked improvements in Hywel Dda following the implementation of the zero budgeting report which was imminent when we took evidence from you in July.

Yours sincerely,

A handwritten signature in black ink that reads "Nick Ramsay". The signature is fluid and cursive, with a long horizontal stroke at the end.

Nick Ramsay AM
Chair

Cc: Dr Dai Lloyd AM, Health, Social Care and Sport Committee

