

Chief Executives
Health Boards

18 May 2018

Dear Chief Executive,

NHS Finances (Wales) Act 2014

The Public Accounts Committee scrutinised the Welsh Government in 2017 at the end of the first three year period under the NHS Finances (Wales) Act 2014. We 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.

The Committee has agreed to continue this work, to consider the period 2017–18 and the position of each of the Health Boards at year end. To aid us with this work, I would be grateful if you could answer the questions below as fully as possible.

There are some specific questions, depending on your likely financial outturn for 2017–18 – specifically, whether the health board has met the two duties under the NHS Finances (Wales) Act 2014 and whether the outturn position is an improvement on 2016–17. I recognise that the final position is yet to be reported through the audited accounts, but we have based our consideration on the forecast position reported in the media and on your websites. If the outturn position is likely to be significantly different from the assumption made in the questions, the Committee would welcome an update as part of your response.



Meeting financial duties

For those that seem not to be on track to meet their duty to break even over 3 years (Hywel Dda, BCU, C&V, ABMU):

- What have been the main factors/barriers to meeting the financial duties?
- To BCU and Hywel Dda: what has been the reason for the apparent further deterioration in the position during this financial year?
- To C&V and ABMU: what have you done that has meant you appear to have been able to improve the position compared to the last financial year?

For those that seem to be on track to continue to meet their duty to break even over 3 years (Cwm Taf, Powys, Aneurin Bevan)

- What have been the main factors that have enabled you to meet your financial duties, and what are the key lessons others could learn from you?

Duty to have an approved three-year plan

For those that have not met their duty to have an approved three-year plan (Hywel Dda, BCU, C&V, ABMU):

- What have been the main reasons you have been unable to agree a three-year plan and what are the remaining barriers to you having an agreed plan?

For those that have met their duty to have an agreed plan (Cwm Taf, Powys, Aneurin Bevan)

- What have been the main lessons in successfully developing an agreed plan that others could learn from you?

Welsh Government support and guidance on three year planning

- How helpful is the Welsh Government's guidance on three year planning?
- Are there any areas where it could be clearer – including views on the Auditor General's previous recommendation that the Welsh Government should 'set out more clearly in its guidance how, working in partnership with the Welsh Government, NHS bodies that have incurred a deficit should plan to recover their financial position in order to meet the duty in future years'.



Financial management and savings plans

- What are the key challenges and opportunities for your health board in planning and delivering financial savings?
- How much of an impact has the national Efficiency, Healthcare Value and Improvement Group had and are there specific examples of how the work of the Group has helped to deliver savings for your health board?
- How has your health board responded to the recommendations of the WAO's Structured Assessment in relation to your savings plans and overall financial planning/management?
- Have any lessons learned from the Welsh Government-commissioned financial governance reviews at some health boards been shared and applied more widely? If so, how?

To ABMU, Hywel Dda, C&V and BCU:

- What are the key actions you have taken, or intend to take, in response to the financial governance reviews commissioned by the Welsh Government? If you have an up-to-date response which is in the public domain, can you incorporate the link in your reply?

To Hywel Dda:

- What are the key actions you have taken, or intend to take, in response to the zero-based review?

Funding formula

- How health boards are involved in the work to update the funding formula, and your understanding of the current state of progress?
- What you see as the key changes that need to be made to the funding formula in the future?
- How you think any transition should be managed if there are significant changes to the formula/ allocation?



Overall impact of the NHS Finances (Wales) Act 2014

- Has the Act led to a demonstrable shift in the behaviour of NHS bodies and Welsh Government away from a short-term focus and towards the longer-term?
 - If so in what ways?
 - If not, then what have been the key barriers to change?

I understand the Clerking team have been in contact with those Health Boards the Committee wishes to take oral evidence from, and I would be grateful if you could confirm your availability for these meetings. I would welcome a response to this letter by **15 June 2018**.

Yours sincerely,

A handwritten signature in black ink that reads "Nick Ramsay". The signature is written in a cursive style with a long horizontal flourish at the end.

Nick Ramsay AM
Chair

