



Llywodraeth Cymru  
Welsh Government

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## **WRITTEN STATEMENT BY THE WELSH GOVERNMENT**

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**TITLE**            **NHS Financial Performance 2018-19**

**DATE**            **12 June 2019**

**BY**                **Vaughan Gething AM, Minister for Health and Social Services**

The accounts of the eleven NHS Wales organisations for 2018-19 have been audited by the Auditor General for Wales and have been laid before the National Assembly. For the first time, this includes the accounts of Health Education and Improvement Wales (HEIW), which became operational in October 2018.

As in previous years, the accounts of Local Health Boards and NHS Trusts have been prepared under the NHS three-year financial regime that was introduced under the NHS Finance (Wales) Act 2014. As a Special Health Authority, HEIW is not covered by this Act, and is required to break-even in each financial year.

All NHS accounts in 2018-19 received a clean ‘true and fair’ audit opinion from the Auditor General for Wales. Six out of the ten organisations covered by the 2014 Act have complied with the statutory break even duty by operating within their budgets over the three-year period of assessment from April 2016 to March 2019. HEIW also broke even in 2018-19.

Four organisations have not achieved their financial duty to break even over three years and have reported deficits in each of the three financial years from 2016-17. Consequently these four organisations have failed to meet their statutory financial break-even duty for the three-year period of assessment, and as a result have received qualified regularity opinions from the Auditor General for Wales on their 2018-19 accounts.

These four health boards had indicated they would be unable to break-even in 2018-19 and had planned for a deficit outturn. To maintain financial discipline, and to ensure that deficits could be managed within the overall health budget, Welsh Government set maximum deficit financial control totals in 2018-19 as follows;

- Abertawe Bro Morgannwg           £10.0 million
- Betsi Cadwaladr                   £35.0 million
- Cardiff & Vale                     £9.9 million
- Hywel Dda                         £35.6 million

Three of these organisations– Abertawe Bro Morgannwg, Cardiff and Vale and Hywel Dda University Health Boards –met their maximum deficit control totals set by Welsh Government.

I announced in May 2018 that, following a zero-based review of their cost base by external consultants, I would allocate an additional £27 million annually to Hywel Dda University Health Board. Taking account of this additional funding, the Health Board has reported an improved outturn of just under £7 million compared with 2017-18. In addition, during the year I agreed the allocation of an additional £10 million each for Abertawe Bro Morgannwg and Cardiff and Vale University Health Boards in recognition of improvements in their plans for 2018-19. Taking account of this additional funding, these two Boards have reported improved outturns of £12.5 million and £7.0 million respectively.

My oral statement on 4<sup>th</sup> June set out my continued concerns with Betsi Cadwaladr Health Board, and the action Welsh Government are taking to support improvement in financial planning and management in the organisation. It is disappointing that the Health Board has again failed to remain within their maximum deficit control total in 2018-19, reporting an outturn of £6.2 million greater than the control total, and £2.4 million higher than their 2017-18 deficit.

Overall, and taking account of the additional funding allocated in year outlined above, the net outturn for NHS Wales in 2018-19 is an improvement of £24 million compared with the previous year on a comparable basis. This provides demonstrable progress of increasing financial stability for NHS Wales, a reflection of the additional investment Welsh Government is providing in line with the recommendations from the Nuffield Trust along with improvements in NHS financial management. Following my approval of seven Integrated Medium Term Plans for 2019-20, I am expecting a further improvement in financial positions to be reported at the end of this financial year.

Additional cash support has continued to be provided when required to all boards in deficit to enable them to meet their normal cash commitments including payroll expenditure. This cash assistance is repayable in future financial years when appropriate and improved plans are developed and approved under the Act to enable the repayment of deficits.

I look forward to the Auditor General for Wales finalising his audit of the Welsh Government's overall accounts. I am confident this will demonstrate that the health and

social services budget has made a modest surplus again in 2018-19 through the actions that have been taken to manage the deficits incurred by the four health boards last year.

My officials are preparing a summarised account of the Health Boards and Trusts, which will be published in July following sign-off by the Auditor General for Wales. Individual organisations accounts can be found at: <http://www.assembly.wales/en/bus-home/Pages/Plenary.aspx?assembly=5&category=Laid%20Document>