

## **Wales Audit Office Press Release (12 June 2019)**

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### **FOUR HEALTH BOARDS IN WALES OVER-SPEND AGAIN**

**Some positive progress but Auditor General unable to give a clean bill of health to four health board accounts for third year running**

**Four out of seven health boards in Wales once again failed to meet their financial duty to break-even over a three-year period, according to their 2018-19 accounts.**

The four bodies – Hywel Dda University Health Board, Betsi Cadwaladr University Health Board, Abertawe Bro Morgannwg University Health Board (now known as Swansea Bay University Health Board) and the Cardiff and Vale University Health Board – also failed to meet their legal duty to have an approved three-year plan. As a result, the Auditor General has had to qualify his audit opinion on the accounts of all four bodies.

The six other health boards and NHS trusts received clean audit opinions, as they met their duties to break-even and have approved three-year plans. Of the four health boards that failed to meet their duties, three improved their financial position compared to last year, recording smaller in-year deficits. However, the finances of Betsi Cadwaladr University Health Board deteriorated once again, recording an in-year deficit of £41.3 million. The three-year cumulative over-spend across the NHS rose from £364 million to £411 million.

These figures are all set out in a new data tool that the Auditor General is publishing today.

The Welsh Government increased revenue spending on health by £231 million for 2018-19. Once inflation is factored in, that translates to a 1.5% increase in real terms. However, this increase was below the amount that the NHS bodies themselves, and the independent Health Foundation, estimate that the NHS needs each year to cover cost pressures like rising demand and pay. As a result, all NHS bodies needed to make savings and find ways to manage cost pressures across the year.

NHS bodies reported that they collectively achieved £158 million in savings in 2018-19. This was around £11 million less than in 2017-18. However, this reduction was mostly because

they made fewer one-off savings in 2018-19. Recurrent savings, which continue in future years, increased from £120 million in 2017-18 to £125 million. This indicates that the NHS is delivering more sustainable savings by making long-term operational changes.

The **Auditor General, Adrian Crompton** said today:

“2018-19 has been a challenging year for NHS bodies in Wales and although it is encouraging that all health boards have continued to find savings, it is not acceptable that, three years after the NHS (Wales) Finances 2014 Act came fully into force, four health boards remain in breach of their legal responsibilities to live within their financial means. I’m hopeful that the three health boards which improved their deficit positions will continue on their paths towards financial sustainability. Nevertheless, I remain deeply concerned about Betsi Cadwaladr’s worsening financial situation and, as the Public Accounts Committee noted in its recent report, its ability to resolve its problems swiftly and come out of special measures.”

**Ends**

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**Notes to editors:**

- The Auditor General for Wales laid his reports on the accounts of NHS bodies on 12 June. He issued a clean audit opinion on the accounts of seven of the eleven NHS bodies. For Betsi Cadwaladr, Abertawe Bro Morgannwg, Hywel Dda and Cardiff and Vale University Health Boards he issued a qualified opinion on the regularity of their accounts because they each incurred an unauthorised over-spend and therefore failed to meet their legal duty to break even as set out in the NHS (Wales) Finances Act 2014. Those bodies also failed to meet their duties under that Act to have an approved three-year plan.
- [The Auditor General’s NHS Wales Finances Data Tool can be found via the Wales Audit Office website](#). The tool contains a range of information about the financial position of NHS Wales bodies and shows trends over time.
- Recent changes in the NHS bodies in Wales will have an impact on the reporting of accounts in 2019-20. In April 2019, there were boundary and name changes to two

health boards. Abertawe Bro Morgannwg University Health Board is now Swansea Bay University Health Board and is no longer responsible for the population of Bridgend. Cwm Taf University Health Board has taken responsibility for the population of Bridgend and is now called Cwm Taf Morgannwg University Health Board. In addition, a new body – Health Education and Improvement Wales – will complete and report on its first full operational year for 2019-20 in June 2020.

- The Auditor General is the independent statutory external auditor of the devolved Welsh public sector. He is responsible for the annual audit of the majority of the public money spent in Wales, including the £15 billion of funds that are voted on annually by the National Assembly. Elements of this funding are passed by the Welsh Government to the NHS in Wales (over £7 billion) and to local government (over £4 billion).
- The audit independence of the Auditor General is of paramount importance. He is appointed by the Queen, and his audit work is not subject to direction or control by the National Assembly or government.
- The Wales Audit Office (WAO) is a corporate body consisting of a nine member statutory Board which employs staff and provides other resources to the Auditor General, who is also the Board's Chief Executive and Accounting Officer. The Board monitors and advises the Auditor General, regarding the exercise of his functions.