

Peredur Owen Griffiths MS
Chair
Finance Committee

24 April 2023

Dear Peredur

Health boards: financial sustainability and balance

At our meeting on 30 March 2023, the Health and Social Care Committee considered the Welsh Government's response to our recent report on the Welsh Government's draft budget 2023-24. We have some ongoing concerns about health boards' financial performance, and would like to ask you to consider including financial scrutiny of health boards within your work programme.

We have considered health boards' financial positions during our scrutiny of the Welsh Government's draft budgets for 2022-23 and 2023-24, including the extent to which they are achieving their statutory responsibilities under the NHS Finances (Wales) Act 2014 i.e. their duties to manage their resources within approved limits over a three year rolling period; and to prepare, and have approved by Ministers, a rolling three-year Integrated Medium Term Plan. During oral evidence on the draft budget in each year we have discussed the situation with the Ministers, including how the Welsh Government is working with and supporting health boards.

However, we are concerned that our scrutiny of the 2023-24 draft budget suggests that health boards' financial positions have deteriorated rather than improved. The latest figures available to inform our scrutiny showed that, in aggregate, health boards were reporting an in-year deficit to date of £98.6m and a forecast end of year deficit of £159.9m for 2022-23. At that time, six out of the seven health boards were projecting end of year overspends. This is especially concerning as allocations to health boards represent a significant proportion of the overall Welsh Government budget each year.



In our report, we recommended that:

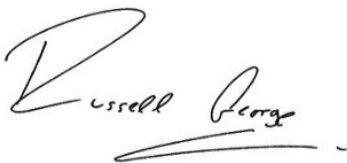
"The Welsh Government should provide further assurances about how it will ensure that all health boards in Wales achieve financial sustainability and balance within the 2023-24 to 2025-26 integrated medium term planning cycle. This should include clear timescales within which the Welsh Government anticipates each health board will achieve financial balance, and how progress will be monitored".

The Welsh Government accepted this recommendation in principle. In its response, the Welsh Government highlighted the "significant strain" on health board finances. It did not set out timescales for each health board to achieve financial balance, rather it noted that "most health boards" would not be able to present balanced integrated medium term plans in March 2023. It added:

"Work is required to scope, develop and implement opportunities for increasing efficiency and restoring financial stability and this will be taken forward in partnership between Welsh Government and senior NHS officials. Further updates will be provided to the Committee as this work progresses".

We are not yet assured that this will be sufficient given the deterioration we have seen and the ongoing pressures on our health services. We also have concerns about the level of Welsh Government capacity available to provide the support needed. We would be grateful, therefore, if you would consider including financial scrutiny of health boards within your work programme, including whether sufficient efforts are being made by health boards and the Welsh Government to regain health boards' financial sustainability and balance, and whether there is sufficient capacity available for this.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Russell George', with a stylized flourish underneath.

Russell George MS
Chair, Health and Social Care Committee

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