

Press release – immediate release, 29 August 2024

## All Health Boards breach break even duty amid deepening financial pressures

### The audit of NHS bodies' 2023-24 accounts is complete. Our data tool provides further information on their current financial positions

The Auditor General has concluded that the 12 recently published NHS body accounts give a true and fair view of those bodies' financial positions. However, the seven health boards in Wales all failed to meet their statutory duty to break even over a three-year period. As a result, the Auditor General qualified his 'regularity' audit opinion for those bodies. The three NHS trusts and two special health authorities all met their duty to break even.

The Auditor General also qualified his 'regularity' opinion for Betsi Cadwaladr University Health Board and for Velindre NHS Trust for breaching their standing financial instructions. Both NHS bodies incurred irregular expenditure in making payments to a former interim executive member of the Board and a former senior officer of the Trust respectively. For Betsi Cadwaladr University Health Board, this was the second consecutive year that standing financial instructions relating to executive member payments were breached.

Health services in Wales received £10.638 billion of revenue funding in 2023-24, a cash uplift of £744 million. This was significantly higher than the uplift of £131 million in 2022-23. With the impact of rising inflation, the 2023-24 cash uplift equated to a 1.2% real terms increase in funding (compared with a 4.9% real terms decrease in 2022-23). Against a backdrop of significant demand, the total in-year deficit for 2023-24 has increased to £183 million (£150 million in 2022-23) and the three-year cumulative over-spend across the NHS increased from £248 million in 2022-23 to £385 million in 2023-24.

Expenditure on agency staff has grown steadily from 2018-19 to 2022-23 but did reduce by 19% in cash terms in 2023-24 with annual overall agency spend being £262 million across NHS Wales. Whilst the majority of this spend covers workforce vacancies, some also supports additional activity to help meet demand.

NHS bodies are having to deliver significant levels of savings in their attempt to contain costs. Reported savings increased again in 2023-24, continuing the trend in 2022-23, and at £210 million, are at the highest level since 2018-19. The NHS still relies heavily on one-off non-recurrent savings with 41% of total reported savings in 2023-24 falling into this category. Positively, this percentage has reduced from 60% in 2022-23.

Sound strategic planning is key if the NHS is to deliver services which are clinically and financially sustainable. However, none of the health boards were able to secure approval for a three-year integrated medium-term plan for 2023-26 from the Cabinet Secretary for Health, Social Care and Welsh Language. Medium term plans prepared by the three NHS Trusts and two special health authorities were approved by the Cabinet Secretary, but in general it is proving increasingly difficult for NHS bodies to produce financially balanced plans in the current climate of cost pressures and service demand.

Further details are set out in our [NHS Wales Finances Data Tool 2023-24](#) published today.

Auditor General, Adrian Crompton said:

“Whilst I recognise the scale of the financial and operational challenges faced by the NHS, I am concerned at once again having to qualify my audit opinion on the accounts of all seven Health Boards because they have failed to meet the statutory duty to break even over three years. The growing cumulative deficit for the NHS in Wales demonstrates that despite record levels of investment and higher than ever levels of savings, the statutory framework put in place by the Welsh Government to drive financial sustainability in the NHS is not working.

Whilst there remains an urgent need for NHS bodies to continue to drive out cost inefficiencies in the way they work, this alone is unlikely to return the NHS to financial balance. More fundamental challenges now need to be grasped around the shape and infrastructure of the NHS, the level of funding it needs, its workforce challenges and how the demand for its services can be better managed. These are issues that should exercise the minds of politicians, government officials and NHS bodies and their partners in equal measure”.

## Ends

### Notes to Editors:

- The Auditor General has a duty under section 61 of the Public Audit (Wales) Act 2004 to confirm that expenditure in the NHS bodies' accounts has been incurred lawfully and is in accordance with the 'authorities' that govern that expenditure. The Auditor General confirms this in the 'regularity opinion' in his overall audit opinion.
- The 'authorities' are relevant Acts, Regulations and other documents such as Welsh Government's [Managing Welsh Public Money](#).
- The NHS (Wales) Act 2006 sets out a statutory requirement for local health boards and NHS trusts to break even over a three-year period and for strategic health authorities to break even each financial year. This means that any expenditure in excess of annual or three-year funding totals is not in accordance with the 'authorities' governing that expenditure and the Auditor General must qualify his 'regularity' opinion.
- Welsh Government requires Welsh NHS bodies to adopt standing financial instructions which set out approval limits for a range of expenditure that those bodies incur. This includes payments made to senior executive officers. Expenditure in excess of those limits usually requires the approval of Welsh Government. Where such approval is not obtained, that expenditure is not in accordance with the 'authorities' governing that expenditure and the Auditor General will qualify his 'regularity' opinion.
- The Auditor General is currently completing work at all NHS bodies in Wales that examines their approach to cost saving schemes. Our findings will be reported to back to each NHS body and published on the Audit Wales website once the reports have been considered by the appropriate committee within each NHS body.
- The Auditor General has also completed [audit work on NHS workforce planning](#) at all NHS bodies in Wales and reported his findings to those bodies. A national summary of themes from that work will be published in the autumn.
- Other work being undertaken by the Auditor General relating to the current pressures the NHS is facing includes:

- An examination of the impact of delayed discharges on unscheduled care services, together with the actions NHS bodies are taking to manage the demand for urgent and emergency care.
  - Further work to track progress health boards in Wales are making tackling the waiting list backlog.
- 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.
- The audit independence of the Auditor General is of paramount importance. He was appointed by the late Queen, and his audit work is not subject to direction or control by the Welsh Parliament or government.
- The Wales Audit Office 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.
- Audit Wales is the umbrella name used to describe the Auditor General for Wales and the Wales Audit Office, which are separate legal entities with their own legal functions.