

Yr Adran Iechyd a Gwasanaethau Cymdeithasol  
Cyfarwyddwr Cyffredinol • Prif Weithredwr, GIG Cymru

Department for Health and Social Services  
Director General • Chief Executive, NHS Wales



Llywodraeth Cymru  
Welsh Government

Mr Darren Millar AM  
Chair  
Public Accounts Committee  
National Assembly for Wales  
Cardiff Bay  
Cardiff  
CF99 1NA

Our Ref: DS/KH  
06 February 2014

Dear Darren

## **PAC meeting on Health Finances – 5<sup>th</sup> November**

The committee requested some further information subsequent to my attendance at the above meeting. We have been asked to base this on the Month 9 (end of December) position in relation to NHS financial reporting. I am pleased to respond.

### **1. The impact of the additional funding allocation**

The budget allocation was announced on 15<sup>th</sup> October. The extra allocation provided further funding of £150.03m. However it should be noted that the extra funding included £16.43m to cover the anticipated costs of new Immunisation programmes, Kalydeco drug funding (for the treatment of patients with cystic fibrosis and the G551D mutation in the CFTR gene) and Voluntary Early Retirement (VER) packages. These were costs which were not included in the Health Boards reported positions at that time and therefore not reflected in their forecasts. The positive impact on the Health Board forecasts would therefore have been £133.60m.

We have indeed seen a generally commensurate reduction in year end forecast in the period since the allocation was confirmed to NHS bodies. It is however important to note that the position is complex and Health Boards have made and will continue to make adjustments to their forecast based on a wide range of factors which affect their ongoing expenditure and savings programmes.

### **2. Prospects to the year end**

As you would expect, Welsh Government is working very closely with all NHS organisations to ensure an acceptable year end position. This involves interactions with Chairs, Chief

Executives and Directors of Finance. I have also established a National Finance Group to ensure we are identifying and constantly adopting best practice and pursuing all national opportunities to improve the financial outturn this year.

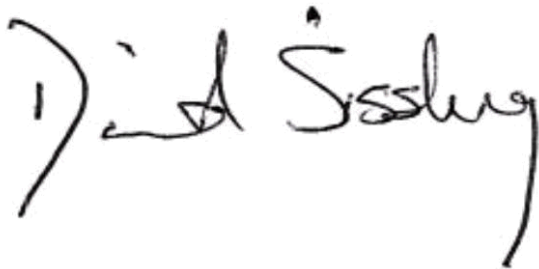
We have also taken action to review expenditure in the various programme budgets held centrally within Welsh Government. With particular regard to NHS organisations, our expectation is that some will deliver a small surplus. Others are taking action to drive forward toward a breakeven position. There are a small number of Boards with more significant risks. We are working particularly closely with these organisations to ensure appropriate responsive action is taken.

In overall terms we see the month 10 position as being particularly critical and we would be pleased to provide the Committee with a further update on 17 February when that information is available.

In conclusion I trust this letter conveys the complexity of the position. We are taking action and, I believe, making important progress in enabling an appropriate financial outcome for Health in 2013/14

Finally I must apologise for the delay in sending this letter. The position is fast changing and we were keen to offer the most up to date analysis.

Yours sincerely

A handwritten signature in black ink, appearing to read 'David Sissling'. The signature is written in a cursive style with a large initial 'D' and a long, sweeping tail on the 'g'.

**David Sissling**



Mr Darren Millar AM  
Chair  
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Our Ref: DS/KH  
06 February 2014

Dear Darren

### Follow up information – 5<sup>th</sup> November PAC meeting on Health Finances

I am writing in response to the request from the Committee for additional information on the postponement of elective activity during the winter period.

#### Elective postponements

The table below shows the number of short notice postponements at an all Wales level since April 2012. These postponements follow decisions based on clinical priorities and the requirement to use capacity to meet the needs of the most urgent or ill patients.

	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
<b>2012/13</b>	255	272	262	297	157	109	234	264	300	1123	583	902
<b>2013/14</b>	1219	312	195	415	235	341	262	390	245			

The information for December 2013 is currently un-validated. Validated December data will be available on 7 February and is expected to confirm a lower number of postponements in December 2013 in comparison with the same period of 2012.

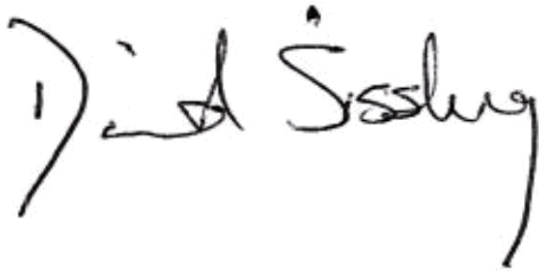
As you know, Health Boards and Trusts strengthened their planning processes for this winter. This work started some months ago and paid attention to a wide range of areas including:

- Capacity – with up to 490 additional beds (or equivalents) in the plans

- Enhanced staffing and working arrangements
- Reducing delays in discharge - with enhanced partnership working between the NHS and Social Services Departments
- Improved monitoring and intervention arrangements.

Implementation of the plans has been carried out in an efficient manner. They appear to have a beneficial impact with improvement in many key indicators, including the level of postponements of elective activity when comparisons are made to last year. As you would expect, the Welsh Government is working closely with all NHS organisations and monitoring progress on a daily/weekly basis.

Yours sincerely

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**David Sissling**



Mr Darren Millar AM  
Chair  
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Our Ref: DS/MS/KH

12 February 2014

Dear Darren

### **PAC meeting on Health Finances – 5<sup>th</sup> November**

I refer to my letter of 6<sup>th</sup> February regarding the above. I am now in a position to provide the Committee with some further information.

I set out below the figures for month 09 together with the latest draft figures for month 10. (Please note the month 10 figures are due to be formally confirmed by Boards and Trusts on 14<sup>th</sup> February so they are provided on a draft basis at present)

<b>Organisation</b>	<b>Forecast Surplus/Deficit Month 09</b>	<b>Draft Position Month 10</b>
	<b>£000's</b>	<b>£000's</b>
<b>Abertawe Bro Morgannwg</b>	<b>-6,000</b>	<b>-3,000</b>
<b>Anuerin Bevan</b>	<b>-5,601</b>	<b>-5,100</b>
<b>Betsi Cadwaladr</b>	<b>-13,000</b>	<b>-7,500</b>
<b>Cardiff &amp; Vale</b>	<b>-16,320</b>	<b>-19,320</b>
<b>Cwm Taf</b>	<b>-5,200</b>	<b>-4,500</b>
<b>Hywel Dda</b>	<b>-17,109</b>	<b>-18,109</b>
<b>Powys</b>	<b>-19,494</b>	<b>-19,410</b>
<b>Public Health Wales</b>	<b>0</b>	<b>0</b>
<b>Velindre</b>	<b>0</b>	<b>0</b>
<b>Welsh Ambulance</b>	<b>0</b>	<b>0</b>
<b>NHS Wales</b>	<b>-82,724</b>	<b>-76,939</b>

The table above demonstrates an improvement in the forecast position. We are expecting further positive movement in the period between month 10 and the year end. Welsh Government will continue to work closely with Boards to ensure this occurs.

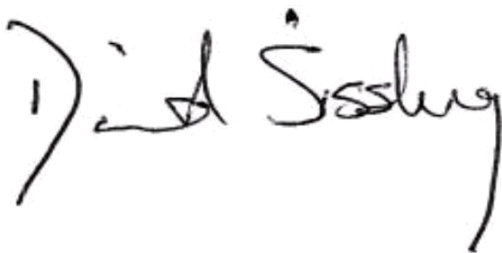
In the context of the level of risk we have been managing the centrally held budgets on a very robust basis. We have as a consequence created some additional resources that can be used to further help meet the pressures in the NHS. The Committee will now also be aware of the plans to allocate an additional £50m to the Health and Social Services MEG through the supplementary budget.

Taking account of all the developments and actions outlined above there is increasing confidence in the delivery of a balanced year end position.

Finally I must, again, apologise to the Committee for the delay in providing this information.

I trust the further information provided is of assistance.

Yours sincerely

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**David Sissling**