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Y Gweinidog Iechyd a Gwasanaethau Cymdeithasol  
Minister for Health and Social Services



Llywodraeth Cymru  
Welsh Government

Ein cyf/Our ref LF/MD/1030/13

Jocelyn Davies AM  
Chair, Finance Committee  
National Assembly for Wales  
Cardiff Bay  
CF99 1NA

29<sup>th</sup> October 2013

Dear Jocelyn

### **National Health Service Finance (Wales) Bill**

At the Finance Committee on the 23<sup>rd</sup> of October I agreed to send a letter to both the Chair of the Finance Committee and the Chair of the Health and Social Care Committee.

In advance of my appearance at the Finance Committee meeting on the 7<sup>th</sup> of November 2013, I thought it would be helpful to respond to some of the key issues that have already been raised in plenary on proposed amendments to the Bill, scrutinising LHB plans and transparency.

At the Finance Committee on the 23<sup>rd</sup> of October, I indicated that the Government intends to lay two amendments, one to deal with the matter of tolerances raised by Members during Stage 1 and another amendment of a technical nature on the definition of expenditure. The proposed tolerance amendment supplements the main purpose of the Bill to support planned financial flexibility, by addressing unplanned or year end, financial flexibility.

In respect of borrowing powers, as I mentioned in Committee, the decision to deliver the Bill through a fast track process was supported by the fact that there had been previous consideration of the policy scope to introduce greater financial flexibility. This included LHBs, stakeholders within the NHS and a wider stakeholder network. Financial flexibility for LHBs has been recommended by the Public Accounts Committee, the Health and Social Services Committee and the Finance Committee. The Wales Audit Office and LHBs have had a level of engagement in developing the Bill, but there has been no formal consultation.

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*Wedi'i argraffu ar bapur wedi'i ailgylchu (100%)*

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An amendment to the Bill to include borrowing powers would extend the policy scope (and potentially be inadmissible in accordance with the Assembly's Standing Order 26.61) which may undermine the basis for this Bill proceeding by fast track. While I am open to looking at proposals for borrowing powers for LHBs, to align LHBs with NHS Trusts, the use of borrowing powers should be considered as part of potential future health legislation in the next Assembly Term.

I am aware, and mindful, of the points which have been made by Members concerning the level of scrutiny of three year budgets, were these to be available to Local Health Boards as a result of this Bill. I think it is important to emphasise that LHBs will be required to develop their Integrated Medium Term Plans through robust and open procedures. This will culminate in a paper for approval during the public part of a full Board meeting. That paper will also have to be published on the Board's website and, as a result, all the individual Board proposals will be available to Assembly Members, and others, for scrutiny. As you will be aware, any flexibility which might be afforded as a result of the Bill will have to be agreed by my Department. I will make a statement to the National Assembly on LHB plans, once they have been through the cycle of Welsh Government scrutiny. That statement will set out the extent to which flexibility is to be afforded at individual LHB level. During the early period of any new regime, it would also be my intention to publish regular information derived from the internal management arrangements which now exist to monitor LHB performance, and which were positively noted in the most recent review of NHS Wales finances, conducted by the Wales Audit Office. That information will allow Members, and others, to better scrutinise the new system, as it becomes established. It is, of course, for the parliamentary service and its Committees to make whatever arrangements are felt necessary and practical for the oversight of any aspect of the Welsh Government. However, should additional scrutiny be undertaken, as a result of this Bill, I would look to make senior officials of my Department available to assist in that process. Without prejudice to the underlying position, in which Local Health Boards are accountable to me, and I, as Minister for Health and Social Services, am accountable to the National Assembly, I would also look to see senior Local Health Board officers engaged in scrutiny arrangements, where appropriate.

I trust that you will find the information in this letter of benefit, and I look forward to discussing the issues raised with you in more detail on during Stage 2.

Best wishes  
Mark

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