



**PWYLLGOR CYLLID A PHERFFORMIAD
FINANCE AND PERFORMANCE COMMITTEE**

DYDDIAD Y CYFARFOD: DATE OF MEETING:	16 December 2025
TEITL YR ADRODDIAD: TITLE OF REPORT:	Planning for 2026/27
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Executive Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Andrew Spratt, Deputy Director of Finance Jennifer Thomas, Head of Corporate Reporting

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Ar Gyfer Trafodaeth/For Discussion

ADRODDIAD SCAA

SBAR REPORT

Sefyllfa / Situation

The purpose of this report is to outline the Health Board's approach and progress to developing the financial plan, set within the wider planning cycle.

Cefndir / Background

The Health Board is required, annually, to submit an Integrated Medium Term Plan (IMTP) that achieves financial balance across a three-year period. Since the Health Boards inception in 2009 it has not been able to submit an IMTP due to the significant financial deficit it has presided over.

The Health Board will be submitting a **Three-Year Financial Plan**, aspiring for a breakeven position for 2027/28 and beyond, aligned to Welsh Government (WG) criteria associated with £26.0m of conditionally recurrent funding allocated to the Health Board in 2024/25.

As part of the planning cycle this paper is presented to highlight the approach, principles, assumptions and financial assessment of the key components of the 2026-27 plan, i.e. Year 1 of the 2026-29 Three-Year Financial plan.

Asesiad / Assessment

Work on the 2026-29 financial plan has been underway since October 2025. The attached presentation, **Appendix 1**, looks to set out the key assumptions, principles and provide a first draft summary financial assessment for the 2026-27 financial year, Year 1 only.

The Health Board is awaiting the formal allocation letter from WG; however, the plan is predicated on an inflation uplift of 0.0%, with an updated funding notification expected following the Senedd Cymru elections in May 2026.

Further work will be undertaken in January 2026 to assess service risks and opportunities that will need to be incorporated within the overall financial plan, and these assessments will be refreshed with any updated values. There will also be a series of scrutiny meetings in the form of Executive Improving Together sessions (EITs), Sustainability Recovery and Executive Team.

The latest draft of the Financial Plan will be presented to Finance and Performance Committee in February 2026 for assurance review, including savings progress from service areas and approval of budget setting, before being presented to Public Board in March 2026 and onward submission to WG by 31 March 2026.

The financial roadmap (three-year trajectory) continues to be developed and updated, clearly identifying the actions that are required to ensure a financial break-even position is achieved for the 2027/28 financial year, meeting expectations set out as part of conditional funding arrangements from 2024/25. Updated scenarios across a three-year horizon to 2028/29 will be presented in the next Committee meeting, following a comprehensive assessment of Year 1, 2026-27 requirements.

Argymhelliad / Recommendation

The Finance and Performance Committee is asked to:

- **RECOGNISE** that the Health Board is proposing to submit a Three-Year Financial Plan, aspiring to a breakeven position for 2027/28 and beyond.
- **NOTE** this paper represents Year 1 of the Three-Year Financial Plan being developed for submission in March 2026.
- **DISCUSS** the content of the latest draft Financial Assessment for 2026/27.
- **DISCUSS** the current Welsh Government expectation of allocating 0.0% as part of the Allocation Letter expected in December 2025, and its impact on the draft financial deficit for 2026/27.
- **DISCUSS** the approach to be taken to recognise underspends on a recurrent basis and the basis of allocating savings targets to functions.

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

Committee ToR Reference:
Cyfeirnod Cylch Gorchwyl y Pwyllgor:

- | | |
|---------|---|
| 3.1.5 | Receive assurance on the delivery of the financial plan. This will be achieved through scrutiny of the monthly finance report. This report shall ensure clarity in: |
| 3.1.5.1 | The reporting of monthly, year to date and forecast financial position alongside operational drivers; |
| 3.1.5.2 | Performance against the savings requirement; |
| 3.1.5.3 | Performance against other financial metrics, such as cash management, capital management and Public Sector |

	Payment Policy.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	1199 (score 25) Risk of the Health Board not being financial sustainability.
Parthau Ansawdd: Domains of Quality Quality and Engagement Act (sharepoint.com)	7. All apply
Galluogwyr Ansawdd: Enablers of Quality: Quality and Engagement Act (sharepoint.com)	6. All Apply
Amcanion Strategol y BIP: UHB Strategic Objectives:	All Strategic Objectives are applicable
Amcanion Cynllunio Planning Objectives	All Planning Objectives Apply
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Objectives Annual Report 2021-2022	9. All HDdUHB Well-being Objectives apply

Gwybodaeth Ychwanegol: Further Information:

Ar sail tystiolaeth: Evidence Base:	Monitoring returns to Welsh Government based on HDdUHB's financial reporting system.
Rhestr Termau: Glossary of Terms:	<p>BGH – Bronglais Hospital CHC – Continuing Healthcare EOY – End of Year FNC – Funded Nursing Care FYE – Full Year Effect GGH – Glangwili Hospital GMS – General Medical Services HSCEY – Health, Social Care and Early Years MHLD – Mental Health & Learning Disabilities NICE – National Institute for Health and Care Excellence OCP – Organisational Change Policy/Process OOH – Out of Hours PPH – Prince Philip Hospital PSP – Public Sector Payment Policy RTT – Referral to Treatment Time T&O – Trauma & Orthopaedics TCT – Target Control Total WG – Welsh Government WGH – Worthybush Hospital</p>

	WRP – Welsh Risk Pool WTE – Whole Time Equivalent YTD – Year to date
Partion / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Adnoddau Cynaliadwy: Parties / Committees consulted prior to Sustainable Resources Committee:	Finance Team Management Team Executive Team

Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	Financial implications are inherent within the report.
Ansawdd / Gofal Claf: Quality / Patient Care:	The impact on patient care is assessed within the savings schemes.
Gweithlu: Workforce:	The report considers the financial implications of our workforce.
Risg: Risk:	Financial risks are detailed in the report.
Cyfreithiol: Legal:	HDdUHB has a legal duty to deliver a breakeven financial position over a rolling three-year basis and an administrative requirement to operate within its budget within any given financial year.
Enw Da: Reputational:	Adverse variance against HDdUHB's financial plan will affect its reputation with Welsh Government, Audit Wales, and with external stakeholders.

Gyfrinachedd: Privacy:	Not Applicable
Cydraddoldeb: Equality:	Not Applicable



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Planning for 2026/27

Financial Plan Draft Assessment – 2026/27

Finance and Performance Committee, 16 December 2025



- 1 Background and context
- 2 Principle components and approach
- 3 Key principles and assumptions
- 4 Draft financial plan assessment
- 5 Financial components
- 6 Key milestone deadlines



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Background and Context

- The Health Board has a **revised annual plan deficit of £30.0m for 2025/26**, which is an improvement on the original annual plan deficit of £31.5m. Whilst this achieved the target control total set in 2024/25 of £31.5m, **Welsh Governments expectations are clear that a deficit of £22.1m is the revised target control total;**
- Given the scale of the challenge to bridge to a break-even position, the Health Board submitted an Annual Plan for 2025/26 and not an IMTP, but set within a three-year context;
- The Health Board is in Targeted Intervention, with a financial criteria to deliver breakeven by 2027/28;
- Significant change is required to meet the expectations clearly set out by Welsh Government;
- With challenges to deliver annual plans in the post pandemic era, 2024/25 and 2025/26 are likely to see a reversing of this trend with a reframed approach to internal escalation and accountability management.

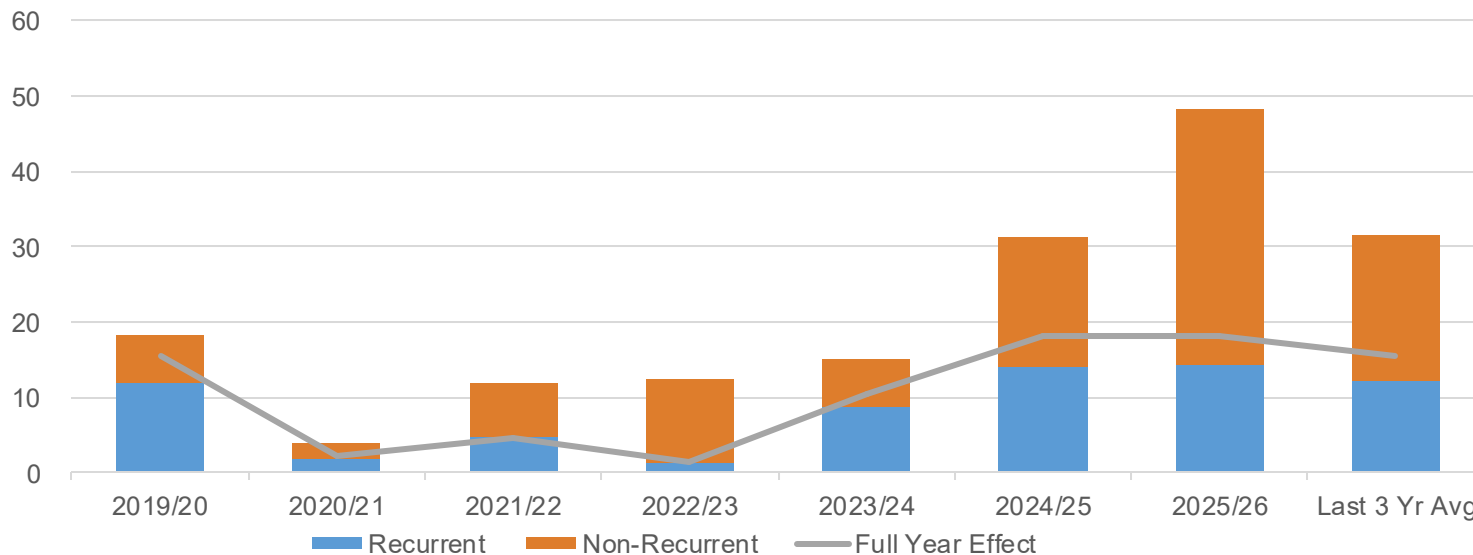
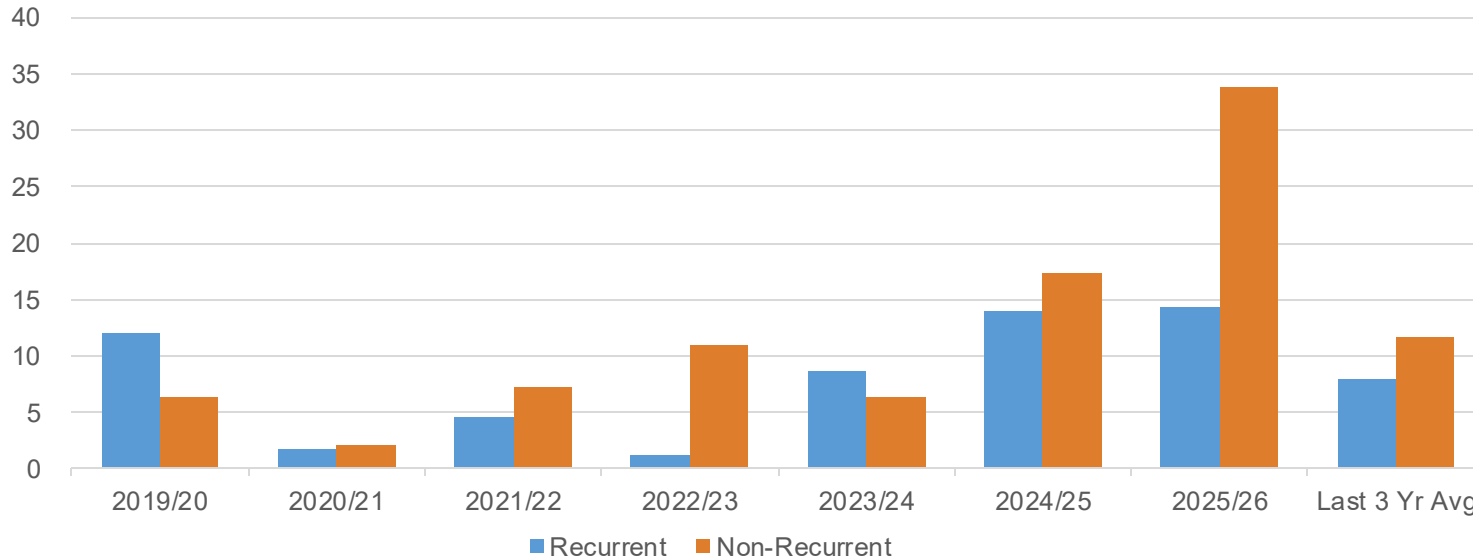
Financial Year	WG Expectation £'m	Annual Plan £'m	Year End Position £'m	Plan v Actual Variance £'m	Comment
2019/20	25.0	25.0	34.9	9.9	After £10.0m clawback due to not achieving £15.0m
2020/21	25.0	25.0	24.9	(0.1)	After £116.1m of non-recurrent funding for COVID
2021/22	25.0	25.0	25.0	-	After £75.5m of non-recurrent funding for COVID
2022/23	25.0	25.0	59.0	29.0	After £22.2m of non-recurrent funding for COVID
2023/24	44.8	56.1	65.8	9.7	Original plan £112.9m, revised mid-year with £56.8m extra funding. £43m cond.
2024/25	31.5	31.5	24.1	(7.4)	After mid-year funding of £32.5m to reduce original £64.0m plan. £26m cond.
2025/26	22.1	30.0	22.1	(7.8)	As at M8, and after the original plan was improved from £31.5m

Savings Deliverability Assessment (£'m)



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- 2025/26 Savings are as at Month 8 reporting
- The three-year average is based on 2023/24 to 2025/26
- The 2024/25 was a step change to previous years deliverability of savings, in comparison to recent years
- Historically, and currently, there remains an **over-reliance on non-recurrent** savings, where no year has been able to achieve a full year effect of recurrent schemes to the same level of total savings
- An **ambitious two-year savings aspiration** was set in 2024/25, covering 2024/25 and 2025/26, to ensure the health board sets the expectation of achieving an improved financial trajectory into 2025/26 and beyond

Financial Roadmap Assessment 2025-26 (Year 0)



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The underlying assessment is identified at the start of the new financial year. Together with an assessment of the macro costs, demographics, allocation funding and savings, the 2025/26 financial plan was summarised as follows:

2025/26 Financial Plan Assessment	Recurrent £'m	Non-Rec £'m	Total £'m
2024/25 underlying deficit carried forward	51.1		51.1
Macro-economic inflation price modelling	15.5		15.5
Volume and mix growth modelling	3.2		3.2
Contractual or unavoidable	14.5	2.0	16.5
National investment commitments	0.1	0.7	0.8
Local investment choices – approved	0.4		0.4
Local investment choices – not yet approved	11.9	(1.5)	10.4
Budget allocation letter funding	(19.2)	(2.3)	(21.5)
Technical efficiency saving (75% of 2024/25)		(27.4)	(27.4)
Strategic and transformation savings	(19.0)		(19.0)
2025-26 Financial Deficit	58.5	(28.5)	30.0



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Planning Cycle Methodology and Owners



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Key elements to deliver planning aspirations

Ownership

Business Case Development to Delivery

Financial payback or resource shift detail evidenced

1

- **Long list** – Risk register framework

Clinical Service
Groups

2

- **Short list** – Overlay risk register with further known key priorities

Clinical Care
Group Triumvirates

3

- **Collaborative list** – Overlay for further strategic, operational and or policy priorities

Planning Co-
ordination Group

4

- **Draft prioritised proposal** – criteria approach to ensure alignment and sensibility assessments are undertaken

Planning Co-
ordination Group

5

- **Executive Team review** – amendments through Executive lens made

Executive Team

6

- **Committees and Board updates**

Directors and
Deputies

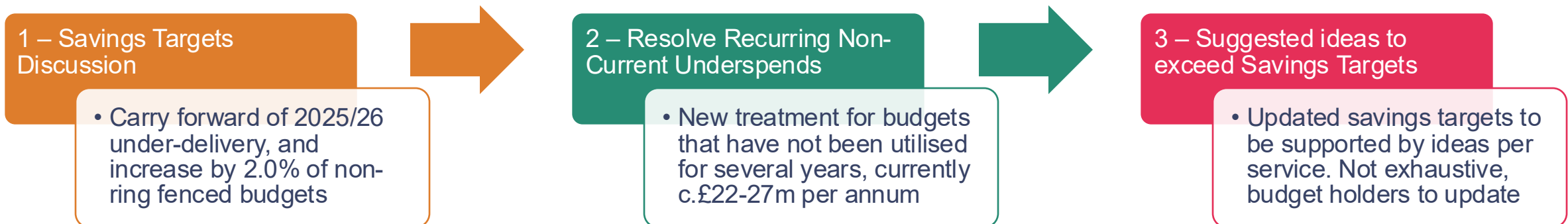
Financial Plan 2026/27 Savings Approach



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- With a 0.0% core uplift now expected as part of the initial WG allocation letter, it is predicted that a mid-year allocation uplift could occur post the Senedd elections;
- Whilst the core uplift will be zero initially, Welsh Government have confirmed Pay Awards will be funded in full;
- A savings target will be required to cover, as a minimum, macro-economic price increases and the erosion of the deficit to demonstrate a continued improvement trajectory, inline with the targeted intervention de-escalation criteria;
- Health prevalence growth resource requirements, and targeted national and local investments, are proposed to be afforded within the mid-year allocation uplift assumption, and a staggered approach to delivering these might therefore be required;
- The financial roadmap proposes savings delivery increasing throughout the year, with March 2027 (Month 12 2026/27) being a breakeven / balanced financial position to ensure 2027/28 can be breakeven.



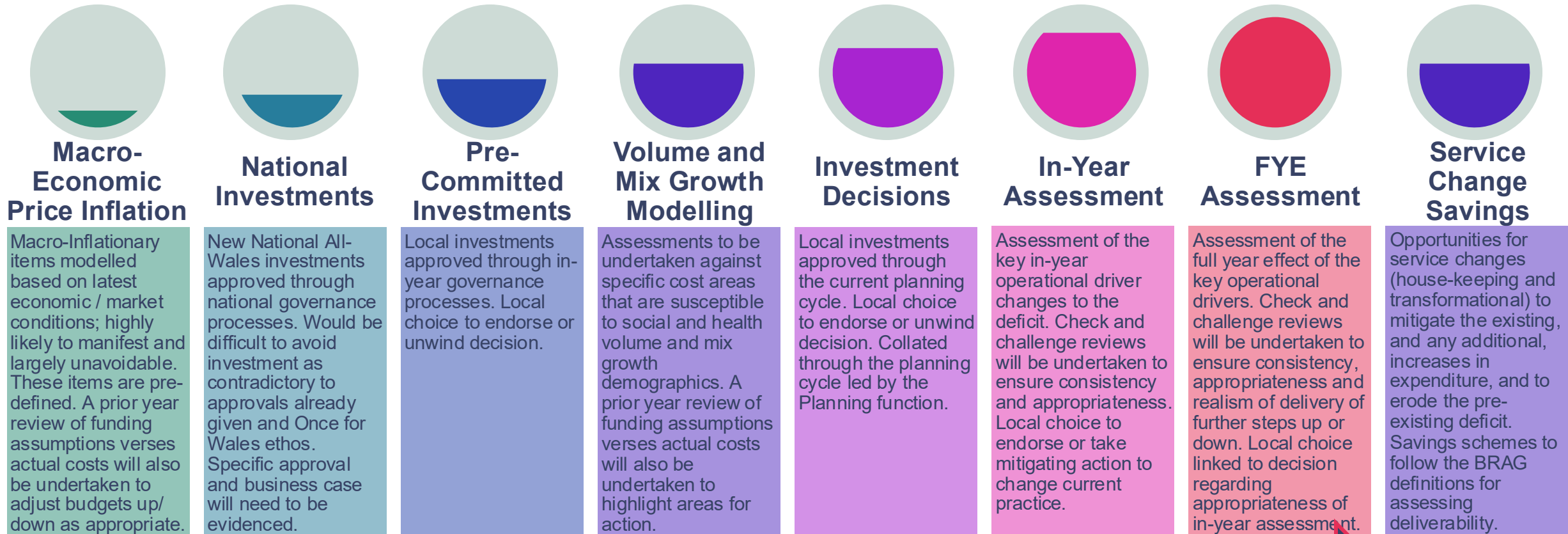
Principle Components and Approach



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As a framework approach to identifying components that would require a financial appraisal with the planning cycle, the following key elements are defined, and an assessment will be undertaken to provide clarity for decision-making through the Planning Steering Group, Executive Team and Board. Timelines and organisation communication will be aligned to that coordinated by the Planning function.



Proposed priority order of approval of income or expenditure – all need Executive Team and Board ratification

Approval of opportunities and savings requirements to offset any impacts of Income or Expenditure changes



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Key Principles



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- **Budgets will be delegated** from the Accountable Officer (CEO) to **Delegated Officers** (Executive Directors) and their immediate **Deputies** (Executive Function Leads and Clinical Care Group Directors);
- **Consolidation of budgets** will be **undertaken for key areas** to align holistic oversight with appropriate Delegated Officers;
- The **Workforce** plan to be **within existing budgets** only, or specifically included within investment decisions;
- Resourcing requirements for **25A and 25B wards** are to be conducted by **Corporate Nursing Team only**;
- **Only assured** (Green and Amber) **savings plans will be included** within the final planning submission;
- The **Opportunities Framework and Service insight** is to be used to generate sufficient savings opportunities to achieve the targets set for each Clinical Care Group/Executive Function;
- **Saving target** will be set as the value required to achieve the required target to achieve three-year break-even position by March 2028 (Year 2). Year 1 being 2026/27.
- **Clinical Care Group/Executive Function savings targets** will be the minimum of the Welsh Government expectation (likely to be 2%), **plus** any residual recurrent savings gap from the savings requirement set in 2025/26;
- **A decision will need to be made on material underspending functions**, and removal of budgets or conversion to recurrent savings scheme will be required.

Key Assumptions



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- The Health Board will be submitting a **Three-Year Financial Plan**, aspiring to a breakeven position for 2027/28 and beyond;
- It is expected that the Health Board will receive a **zero-allocation uplift** initially for 2026/27, and therefore, the income assumptions are aligned to this. Should further allocations be received, updates will be made as appropriate;
- The assessments included within this update are draft and will be updated following ongoing work locally and nationally;
- Specified **macro-economic price** components are **proposed for inclusion** within the financial plan, pending service, Executive and Finance & Performance Committee scrutiny. This includes prior year assumption updates (up and down);
- Identified **prevalence of demand pressures** from academic publications and their costs, from the most recent reference cost returns, of £12.4m will be included in each financial year **and** an assumed **additional £2.0m quality and outcomes** requirement in each financial year. This will create a **maximum cap** for **demand driven** (volume and mix growth) **and discretionary investments** (national and local investments);
- Specified **volume and mix growth** components will **require a decision** to recognise, or expectation that services mitigate cost increases or realise savings opportunities;
- **National and Local investments** will **only include statutory, mandated or high-risk** items unless there is clear payback;
- **Key operational drivers** – with significant level of budgets allocated to services in the 2022/23 and 2023/24 financial plans, plus further funding in the 2025/26 planning cycle for evidenced step up in costs from 2024/25, **no further funding is proposed**, with budget holders expected to mitigate increases with underspends from other segments of their budget;
- **Savings targets** will be, **as a minimum, set at the nationally defined ring-fenced** budgeted requirements.

Key Focus Areas for Budget Setting



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- **Pay cleansing** – to update cost centre and band discrepancies within existing budgets, ensuring cleansing of under and over established areas to allow for more accurate mix budget changes to be made through the annual spine point rightsizing exercise;
- **Workforce mix across substantive and temporary** – a revised approach is required to better align workforce planning assessments with budgets, to ensure a comparison at budget level to actuals can be undertaken for the quantity of workforce required within Variable Pay and Premium Agency generated by Substantive Pay vacancies. This will allow actuals and budgets to be aligned to allow improved in-year comparison, insight and control;
- **Premium pay reserve funding** – following the Workforce mix review above, it is proposed to recurrently recognise the centrally held premium pay reserve within services to allow for proactive affordable resource planning actions to be made;
- **Underlying assessment of positions** – to obtain clarity on the existing realistic run rates, an informed review of underlying positions are required. Ensuring over-estimating of budget requirement is avoided, gross positions will be reviewed together with future funding modelling assessments;
- **Mid-year budget changes** – further review principles to reduce mid-year budget changes ensuring a plan that is set at the start of the year to the baseline for comparisons, excluding new funding allocations from WG;
- **Profiling of budgets** – ensuring budgets are appropriately phased to align with spend profile and seasonality.



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Underlying Deficit Assessment



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As part of the underlying deficit assessment any modelling assumption deviations from the prior planning cycle are included, together with the recurrent impact of savings plans and non-recurrent underspends

Current Financial Performance (as at Month 8)	£'m
2025-26 Planned Deficit	30.0
Savings gap / (improvement)	(2.1)
Under / (Over) delivery of savings schemes	0.3
Core operational variation	(3.7)
Gross Forecast	24.5
Future Mitigating Actions	(2.4)
2025/26 forecast end of year deficit	22.1

2025/26 Underlying Deficit Impact	£'m
2025/26 forecast end of year deficit	22.1
Add non-recurring savings	27.8
Add non-recurring Accountancy gain	6.1
Add net non-recurring unplanned pressures / gains	2.5
2025/26 Planned Underlying deficit	58.5
2025/26 carried forward recurrent savings gap	0.8
Underlying deficit as at 31 March 2026	59.3

Financial Plan Assessment



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The underlying assessment is identified at the start of the new financial year. Together with an assessment of the macro costs / demographics, allocation funding and savings, the 2026/27 financial plan is summarised as follows

Slide Ref	2026/27 Financial Plan Assessment (£'m)		Recurrent	Non-Recurrent	Total
	Underlying deficit carried forward		59.3		59.3
1	Macro-economic inflation price modelling		12.7		12.7
2	Contractual or unavoidable		1.6		1.6
3	Prevalence, Quality and Outcomes	Volume and mix growth modelling	2.2		2.2
4		National investment commitments	1.1	0.8	1.9
5		Local investment choices – approved	1.0		1.0
6		Local investment choices – not yet approved	4.8		4.8
7		Assessment cap of £14.4m – options, choices and risks	4.5		4.5
8	Budget allocation letter funding / anticipated WG funding		-	(1.5)	(1.5)
9	Non-recurrent savings / underspends (challenge to convert to recurrent)			(27.8)	(27.8)
	Additional savings requirement		(20.2)		(20.2)
Financial Deficit			67.0	(28.5)	38.5



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Macro-Economic Inflationary Price Modelling



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Investment Description (£'m)	Recurrent	Non- Recurrent	Total	Additional Comments
Secondary Care Drugs	1.1	-	1.1	Community and Integrated Medicine increase in price per issue of £1.97
Primary Care Prescribing	1.4	-	1.4	CAT-M 4p price increase and Baseline 34p price increase
Continuing Health Care (CHC)	3.3	-	3.3	Based on 5.5% increase in price. Includes Real Living Wage impact that will be non-recurrently funded
General Non-Pay Inflation (CPI)	3.7	-	3.7	Based on 4.1% CPI Inflation in October 2025
Energy and Fuel	0.2	-	0.2	Price and Electricity increase above CPI as per NWSSP correspondence
Specific Consumables Price	-	-	-	No specific deviation from general inflation recognised above in CPI
Specific Contract Price	0.9	-	0.9	Mainly Digital and Waste Contract increases above CPI inflation
Medical and Dental and Agenda for Change Pay Award uplift for vacancies	0.1	-	0.1	WG only fund staff in post, not vacancies, so this element is an impact to the financial plan following the 2025/26 pay award.
National Insurance funding shortfall	2.0	-	2.0	Shortfall in National Insurance uplift funding in 2025/26
Total	12.7	0.0	12.7	

Contractual or Unavoidable



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Investment Description (£'m)	Recurrent	Non- Recurrent	Total	Additional Comments
JCC Price	-	-	-	0.0% inflation increase aligned to 0.0% WG inflation funding expectation
JCC Investments	-	-	-	As above
LTA NHS Wales Investments	-	-	-	As above
LTA NHS Wales Price	-	-	-	As above
SLA Non-NHS Wales Price	-	-	-	As above
SLA NHS Wales Price	-	-	-	As above
SLA NHS Wales Investments	-	-	-	As above
NICE High-Cost Horizon Drugs	1.6	-	1.6	Haematology, cancer and acute adoption of drugs
Total	1.6	0.0	1.6	

Volume and Mix Growth Modelling



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Investment Description (£'m)	Recurrent	Non- Recurrent	Total	Additional Comments
Secondary Care Drugs	1.4	-	1.4	Mainly Cancer and Scheduled Care service area, with growth in issues of 5.33%, equating to an additional 3,422 issues
Primary Care Prescribing	-	-	-	No volume growth expected above 25-26 growth levels
Continuing Health Care (CHC)	0.8	-	0.8	MHLD CHC number of days commissioned care increased by 5,566 from 24/25 due to increased number of patients
Energy and Fuel	-	-	-	No growth in volume consumption anticipated
Medical and Dental and Agenda for Change spine point changes	TBC	-	TBC	WG do not fund spine point changes / incremental drift as part of pay award – modelled based on Payroll demographic at M09
Total	2.2	0.0	2.2	

National Pre-Committed and Future Investments Approved



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Investment Description (£'m)	Recurrent	Non- Recurrent	Total	Return on Investment	Additional Comments
Welsh Risk Pool	TBC	-	TBC		Await formal notification from NWSSP
Pathology Laboratory Information Management System (LIMS)	-	0.8	0.8		Based on latest LIMS development plan schedule from DHCW dated May 2025
Radiology Informatics System Procurement (RISP)	0.1	-	0.1		Based on latest schedule from DHCW
National Resident Doctors pay reform	-	TBC	TBC		New pay structure to be implemented
NHS Wales hearing care: future approach for audiology services	1.0	-	1.0		£1.0m per HB for 3 years
Climate Adaptation plan	-	TBC	TBC		Query if this is fully capital funded or revenue consequences
Total	1.1	0.8	1.9		

Local Pre-Committed and Future Investments Approved



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Investment Description (£'m)	Recurrent	Non- Recurrent	Total	Return on Investment	Additional Comments
LinAc 5, plus SWWCC satellite in HD	1.0	-	1.0		Assumes 50/50 of 5th Linac business case with Swansea Bay, business case approved in principle, 6th and 7th LinAc plans in progress.
Total	1.0	-	1.0		

Local Pre-Committed and Future Investments Unapproved



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Investment Description (£'m)	Recurrent	Non- Recurrent	Total	Return on Investment	Additional Comments
Nursing Regulations Listening to People	TBC	0.00	TBC		Replacing Putting Things Right
Revenue impact of Capital Projects	TBC	0.00	TBC		Assessment in progress
Clinical Services Plan	TBC	0.00	TBC		Lowest cost options of CSP post consultation are c£8m exc relocation costs. Phasing to be confirmed
Paediatric Diabetes Funding	0.00	0.03	0.03		Awarded in FY25-26 over two years
Withybush Medicine Medical staffing	0.96	0.00	0.96		Agreed September 2025
National Bereavement Framework	0.54	0.00	0.54		Framework model to be implemented in line with other Health Boards
Carmarthen Hwb Utilities	0.40	0.00	0.40		£417k additional in FY27-28 to support new site
Pentre Awel running costs	0.04	0.00	0.04		£279k additional in FY27-28 to support new site
Picton Terrace running costs	0.07	0.00	0.07		Additional full-year effect funding over and above £253k previously funded in FY25-26
Carmarthen Hwb / Picton Terrace Parking Costs	0.15	0.00	0.15		Expected additional parking costs with the relocation
Care Cube CHC Database	0.03	0.00	0.03		Procurement of new system in MH&LD to support CHC, £24k additional in FY27-28
Additional Breast Consultants Appointment	0.18	0.00	0.18		Recruitment of two consultants to one vacancy post
Swansea Bay CT Scanner Simulator	0.10	0.00	0.10		Investment for CT Scanner Simulator for 3D imaging
Sub Total	2.47	0.03	2.50		

Local Pre-Committed and Future Investments Unapproved



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Investment Description (£'m)	Recurrent	Non- Recurrent	Total	Return on Investment	Additional Comments
VBHC – Fracture Liaison Service	TBC	TBC	TBC		Assessment required for potential part year funding requirement
VBHC – Vascular Podiatry	TBC	TBC	TBC		Assessment required for potential part year funding requirement
VBHC – Chronic Pain Management	0.50	0.00	0.50		Estimated cost pre full business case, SBAR presented to V&S October 2025
Public Health – Health Coaches	0.60	0.00	0.60		Full Business case review and decision required
C&YP Weight Management	0.10	0.00	0.10		£126k additional in FY27-28
BGH & GGH Fire Wardens	0.40	0.00	0.40		Investment approval panel June 2025
Community Health Pathways	0.20	0.00	0.20		Funding required 26/27 £186k to enable national funding contribution and further evaluation
GGH Theatres	TBC	TBC	TBC		Active review and assessment underway, investment case to follow. Initial focus GGH
VBHC – Inflammatory Bowel Disease (IBD) pathway	0.10	0.00	0.10	(0.20)	V&S paper submitted in Sept, investment to enable drug saving release of £243k
Medical Rate Card	0.40	0.00	0.40		V&S paper November, minimum £0.4m included, range could be up to £2.3m, pending outcome of LMC/BMA discussions
Regional Cellular Pathology	TBC	TBC	TBC		Expected revenue impact of the Regional Pathology implementation with Swansea Bay
Grand Total	4.77	0.03	4.80	(0.20)	

Prevalence



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This is full cost estimates based on 2023/24 Programme Budgeting Costs//Patient Level costs, source of activity increase Aberystwyth University review of prevalence.

Investment Description (£'m)	Recurrent	Non-Recurrent	Total	Additional Comments
Atrial fibrillation & related events	0.5	-	0.5	3% per annum (£1.60m 3 years)
Breast Cancers	0.4	-	0.4	3.33% per annum (£1.2m over 3 years)
Colorectal Cancers	0.6	-	0.6	5% per annum, Lower Gastrointestinal cancers
Lung Cancer	0.3	-	0.3	11% increase over 3 years
MI and Cardiovascular	0.0	-	0.0	Not seeing growth or decline
Dementia	1.0	-	1.0	3% per annum, 9% increase over 3 years
Diabetes Type 2	0.3	-	0.3	1% per annum, Community management until severe cases such as amputations
Heart failure and chronic heart disease	0.2	-	0.2	1% per annum (Heart Failure PBC costs primary & secondary care)
Mental Health demand	0.6	-	0.6	This is an estimate of 1% per annum
Elective Care Pathways MSK	2.0	-	2.0	We are seeing older age groups + c 10% over 3 years
Trauma and injuries	4.0	-	4.0	We are seeing older age groups + c 10% over 3 years
Ophthalmology	1.0	-	1.0	We are seeing older age groups + c 10% over 3 years
CHC	1.0	-	1.0	We are seeing c 1.5% complexity inflation increase – cost of delivery (living wage)
Urgent Care – ED	0.5	-	0.5	Assuming 1% growth in demand per annum as per last 10 years – cost of delivery
Primary Care	0.0	-	0.0	Contract increase for GPs would be initiated by Welsh Government, funded assumed
Total	12.4	-	12.4	

Review of prevalence data framed below informed by Aberystwyth University research. Challenge to identify reducing prevalence of disease. Evidence of reducing birth rate impacting the population demographic and fewer children, however this is alongside the impact of the cost of caring for children becoming more expensive, largely driven by new technology and in particular genomic medicine.

Prevalence – Further Considerations



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- Welsh Government populations projections (Source: Stats Wales national population projections - based upon 2022), shows that overall for Wales between 2025 and 2029 key population changes are forecast to be:
- The population aged 65+ will increase from an estimate of 706,000 in 2025 to 764,000 in 2029, an increase of 8.2% or 2.05% per annum
- The population aged 15 years of age or under will decrease from 536,000 in 2025 to 510,000 in 2029, a decrease of 4.8% or 1.2% per annum
- The female population will increase from 1,636,000 in 2025 to 1,668,000 in 2029, an increase of 2% or 0.5% per annum (23,700 of this increase is those aged 65+ years of age)
- The male population will increase from 1,579,000 in 2025 to 1,611,000 in 2029, an increase of 2% or 0.5% per annum (27,100 of this increase is those aged 65+ years of age).
- Given the rural nature of the Hywel Dda geography, the above over-arching change of an increasingly ageing population may be more pronounced in Hywel Dda UHB than the overall Wales figures above (requirement to check against previous prevalence population work).
- On the basis of the above the assumed 3% YoY growth in dementias per annum may be high as those aged > 65yrs across Wales is +2% per annum (requirement to check the Aberystwyth demographic data), the previous work stated + 10% older age groups in 3 years, this needs to be checked, also affects elective MSK, trauma and Ophthalmology
- The stated ED growth of 1% per annum over last 10 years (and assumed going forward) is being checked with the service.

Funding Allocations: New



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Allocation assessment from Welsh Government, awaiting formal allocation letter:

Core and Ringfenced allocation – New allocations (£'m)	Recurrent	Non- Recurrent	Total	Additional Comments
Core Cost and Demand Uplift 2025/26	0.0	-	0.0	0.0% inflation funding expected
Mental Health Services Core Cost and Demand	0.0	-	0.0	0.0% inflation funding expected
Other	0.0	-	0.0	
Real Living Wage	-	1.5	1.5	£12.21/hr to £12.71/hr
Total	0.0	1.5	1.5	

Key Information

- Assumed that WG will fund pay awards in full (excluding vacancies), and therefore no cost pressure in 2026-27
- Assumed WG will continue to fund Ministerial Priorities
- Assumed WG **will not** provide anything to cover macro-economic inflationary and growth rises

Assumed Funding Allocations (1 of 2)



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Allocations received annually from Welsh Government on a non-recurrent basis, assumed to continue into 26-27:

Assumed Funding Allocations (£'m)	Recurrent	Non-Recurrent	Total	Additional Comments
Conditionally Recurrent funding 23-24	43.0	-	43.0	
Conditionally Recurrent funding 24-25	26.0	-	26.0	
25/26 Pay Award	22.7	-	22.7	
25/26 National Insurance	10.3	-	10.3	
25/26 Band 2-3 Pay Award	2.9	-	2.9	
Medical Training Post	-	1.4	1.4	
Prevention and Early Years	-	0.7	0.7	
Bro Myrddin	-	0.6	0.6	
Dementia Action Plan	-	1.7	1.7	
Digital Priority Investment Fund	-	1.3	1.3	
Neurodivergence	-	1.0	1.0	

Assumed Funding Allocations (2 of 2)



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Allocations received annually from Welsh Government on a non-recurrent basis, assumed to continue into 26-27:

Assumed Funding Allocations (£'m)	Recurrent	Non-Recurrent	Total	Additional Comments
Mental Health 111/Press 2 Service	-	0.3	0.3	
Substance Misuse	-	2.5	2.5	
JCC - Tier 4 CAMHS Strategy	-	0.2	0.2	
VBHC Atrial Fibrillation	-	0.2	0.2	
3Ps Policy - Single Point of Contact	-	0.3	0.3	
Transforming Urgent & Emergency Care	-	2.7	2.7	
RSV & Shingles Vaccinations	-	1.2	1.2	
Welsh Risk Pool	-	(3.6)	(3.6)	
Invest to Save Facilities schemes	-	(0.1)	(0.1)	
Total	104.9	11.9	116.8	

Financial Plan 2026/27 Savings Scenario



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- Savings aspirations are set based on the carried forward recurrent residual delivery from 2025/26, plus an additional 2.0% of non-ring fenced budgets.
- Note:** carried forward values are based on Month 8 (November) and, together with when final budgets are confirmed, the final saving values will be updated.

Executive Director Clinical Care Group (£'m)		Carried Forward Under / (Over) Delivery	Additional 2.0% Non-Ring Fenced	Total Savings Target for 2026/27
Chief Executive Officer		-	0.1	0.1
Chief Operating Officer	Chief Operating Officer Management	0.8	0.3	1.1
	Community and Integrated Medicine	7.5	4.9	12.4
	Mental Health and Learning Disabilities	4.5	2.0	6.5
	Operational Allied Health	3.3	1.6	4.9
	Planned and Specialist Care	4.2	4.2	8.4
	Primary Care and Community Strategy	4.0	2.1	6.1
Executive Allied Health and Estates & Facilities		1.7	1.0	1.7
Finance and Digital		(0.1)	0.4	0.3
Nursing, Quality & Patient Experience		-	0.2	0.2
Public Health		-	0.1	0.1
Strategy & Planning and LTAs		1.4	1.2	2.6
Workforce & Organisation Development		-	0.3	0.3
Medical Director		-	0.1	0.1
Central Income – Health Board Wide		0.8	0.7	1.5
Total		28.2	19.3	47.5

Non-recurrent benefit to be considered for budget setting



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Non-recurrent support to the position cause an underlying impact, which could be negated within budget setting

Clinical Care Group as at Month 8 2025/26 (£'m)	EOY Forecast Underspend	Monthly Underspend Savings	Non-Recurrent Saving	Total Non-Recurrent Benefit	75%	66%	50%
Chief Operating Officer Management	0.5	0.7	0.0	1.2	0.9	0.8	0.6
Community and Integrated Medicine	0.0	0.9	2.8	3.7	2.8	2.4	1.9
Mental Health and Learning Disabilities	0.0	0.8	3.1	3.9	2.9	2.6	2.0
Operational Allied Health and Health Sciences	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Planned and Specialist Care	0.0	1.0	3.4	4.4	3.3	2.9	2.2
Primary Care, Community Strategy and Long Term Care	3.0	2.4	0.0	5.4	4.1	3.6	2.7
Executive Functions (see breakdown detail in next slide)	2.5	5.6	7.1	15.2	11.6	10.0	7.8
Total	6.0	11.4	16.4	33.8	25.6	22.3	17.2



Totals £27.8m, which is the 2025/26 non-recurrent savings delivery after excluding the £6.1m accountancy gain

Non-recurrent benefit to be considered for budget setting



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Non-recurrent support to the position cause an underlying impact, which could be negated within budget setting

Executive Functions as at Month 8 2025/26 (£'m)	EOY Forecast Underspend	Monthly Underspend Savings	Non-Recurrent Saving	Total Non-Recurrent Benefit	75%	66%	50%
Chief Executive	0.1	0.1	0.2	0.4	0.3	0.3	0.2
Digital	0.2	0.6	0.1	0.9	0.7	0.6	0.5
Finance	0.1	0.4	0.0	0.5	0.4	0.3	0.3
Health Board Wide	0.2	2.0	2.0	4.2	3.2	2.8	2.1
LTA's with Other NHS Providers	0.0	0.0	0.5	0.5	0.4	0.3	0.3
Medical	0.2	0.0	0.0	0.2	0.2	0.1	0.1
Nursing	0.0	0.2	0.2	0.4	0.3	0.3	0.2
Public Health	1.5	0.3	0.6	2.4	1.8	1.6	1.2
Strategy and Planning	0.2	0.2	0.5	0.9	0.7	0.6	0.5
Workforce	0.0	1.8	1.0	2.8	2.1	1.8	1.4
Health Board Wide – Amber scheme	0.0	0.0	2.0	2.0	1.5	1.3	1.0
Total	2.5	5.6	7.1	15.2	11.6	10.0	7.8



- 1 Background and context
- 2 Principle components and approach
- 3 Key principles and assumptions
- 4 Draft financial plan assessment
- 5 Financial components
- 6 **Key milestone deadlines**

Key Milestone Deadlines



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Item	Deadline	Delivery Owner
Executive Team sign-off of financial approach and assumptions	15/10/2025	Formal Executive Team
FPC sign-off of financial approach and assumptions	28/10/2025	Huw Thomas and Andrew Spratt
Macro-economic, growth modelling and cost driver assessment first draft	14/11/2025	Finance Team and Budget Holders
Assessment of savings plans following 14 November Planning workshop	18/11/2025	Budget Holder, supported by Finance
Welsh Government (WG) core funding uplift confirmed	Dec 2025	Welsh Government
First Draft – Executive Team review of Financial Plan before FPC	10/12/2025	Facilitated by Huw Thomas
First Draft – FPC review of Financial Plan	★ 16/12/2025	Huw Thomas and Executive Leads
Finance Senior Team and DOF review of macro economic cost review / Opportunities/Savings framework	19/01/2025	Huw Thomas and Senior Finance team, BC reps
EITS/Escalation meetings, focusing on Plans and Savings	Jan/Feb 2026	Lead Exec, Service Lead, Finance, Exec Reps.
Second Draft – Executive Team review of Financial Plan before FPC	18/02/2026	Huw Thomas and Executive Leads
Second Draft – Finance Plan presented to FPC for assurance review, including savings progress from service areas. Once FPC have approved, budgets will be entered onto the ledger by the Finance team	24/02/2026	Huw Thomas and Executive Leads
Accountability Letters issued to delegated Executive Directors	12/03/2026	Phil Kloer and Finance Team
Third/Final Draft – Executive Team review of Financial Plan before Board	18/03/2026	Huw Thomas and Executive Leads
Third/Final Draft – Annual Plan presented to Board for approval	26/03/2026	Lee Davies and Executive Team
Annual Plan and supporting templates submitted to WG	31/03/2026	Lee Davies

Savings Development and Timelines



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Delivering better value requires the reduction of low value activity and needs to ensure there is an assurance process which achieves this. The following expectations are designed to ensure clarity, fairness and momentum, ensuring patients' needs are at the forefront of services:

- Identify all potential savings ideas by Christmas as “blue” opportunities, with a focus upon service redesign. These do not need to be complete plans, just surfaced opportunities captured in the existing PID template.
- Convert at least 50 percent of these ideas into amber/green by late January.
- Convert 75 percent by February and 100 percent by the final plan submission in March. This gives us a realistic, stepped trajectory rather than a March scramble.
- Use the three pillars and nine domains to support thinking. This may make any QIA process far easier.
- Be honest about recurrent versus non-recurrent status and timelines for delivery, support and enablers required to ensure achievement. Where savings are non-recurrent, explain why and by when they could become recurrent.
- Apply scrutiny locally. As the role of FCSG is reviewed centrally, CCG-level discipline remains vital. Scrutiny should happen closest to delivery.
- Demonstrate the behavioural impact. Consider whether proposals risk unintended consequences.
- Do not be bounded by structural silos, e.g. if an action in one CCG will have a consequence in another, or an opportunity requires action elsewhere discuss how to collaborate on the required actions to ensure the best outcomes for the population.