



PWYLLGOR CYLLID A PHERFFORMIAD
FINANCE AND PERFORMANCE COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	21 October 2025
TEITL YR ADRODDIAD: TITLE OF REPORT:	Financial Performance Assurance Report – Month 6 2025/26
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 financial position to date against the Annual Financial Plan and assesses the key financial projections, risks and opportunities for the financial year, including the implications of in-year recurrent delivery for the forthcoming financial year.

Cefndir / Background

The Board recognises that approving a budget which included a planned deficit was a ‘novel and contentious action’ and, as such, the Accountable Officer wrote to the Director General Health, Social Care and Early Years Group in Welsh Government (WG) to advise them of this action in line with requirements.

The Board, as its meeting on the 31 July 2025, endorsed and approved a revised annual plan financial deficit of £30.0m, having made decisions to increase the savings target, defer originally planned investments and recognise changing national funding assumptions.

The WG expectation is that the Health Board should plan to deliver, as a minimum, the 2024/25 financial outturn of £24.1m, and ongoing dialogue continues with an expectation that the Health Board further improves its financial forecast beyond the revised annual plan deficit.

An In-Committee Board was held on the 9 September to review and conclude forward actions to improve the year end forecast. Following this meeting, the year end forecast has improved, and in Month 5 reported as £27.8m. The Health Board remains committed to improving beyond the latest forecast of £27.8m, towards £24.1m in line with WG expectation.

Asesiad / Assessment

Next Steps to Achieve a £24.1m Forecast Deficit

- Further to the work aligned to the quarter 2 focus of de-risking the plan, the outcome from the 9 September In-Committee Board endorsed actions and Public Board on 25 September resulted in a £2.2m improvement to the forecast position, to a reported end of year forecast of £27.8m in Month 5.
- Although not identifying the full £6.0m in line with WG expectations to achieve £24.1m forecast deficit, this is a positive step forward, and further work will be undertaken in the coming weeks to progress the choices and actions proposed to achieve this, which are reflected within a separate Finance paper, for Committee consideration and discussion.
- The forecast position has remained at £27.8m in Month 6 with further actions expected to improve towards the £24.1m in Month 7. Further detail outlined in Appendix 1.
- **Appendix 1** refers to the letter from the Director General and Chief Executive, NHS Wales outlining actions agreed following the meeting held on 11 September, and **Appendix 2** outlines the Health Board's response dated 13 October, setting out approach and next steps to achieve £24.1m.

Financial Position

- The in-month financial position as at Month 6 is a deficit of £2.0m, which is an improvement against the £2.5m in-month deficit plan.
- The core operational variance in month is an underspend of £0.5m and the in-month savings target of £3.9m has been over-identified by £0.3m, however one scheme is under delivering this month by £0.3m .
- The following table summarises the key drivers, with full analysis included within **Appendix 3**.

Key Driver (£'m)	Current month variance to breakeven	Year to Date variance to breakeven	End of Year forecast to breakeven
Planned Deficit	2.5	15.0	30.0
Unidentified / (Identified) savings gap / (improvement)	(0.3)	1.6	5.0
Under / (Over) delivery of savings schemes	0.3	0.3	0.3
Core operational variation	(0.5)	(1.1)	(4.2)
Gross Forecast	2.0	15.8	31.1
Future Mitigating Actions	0.0	0.0	(3.3)
Reported Position	2.0	15.8	27.8

Alert (may require discussion)

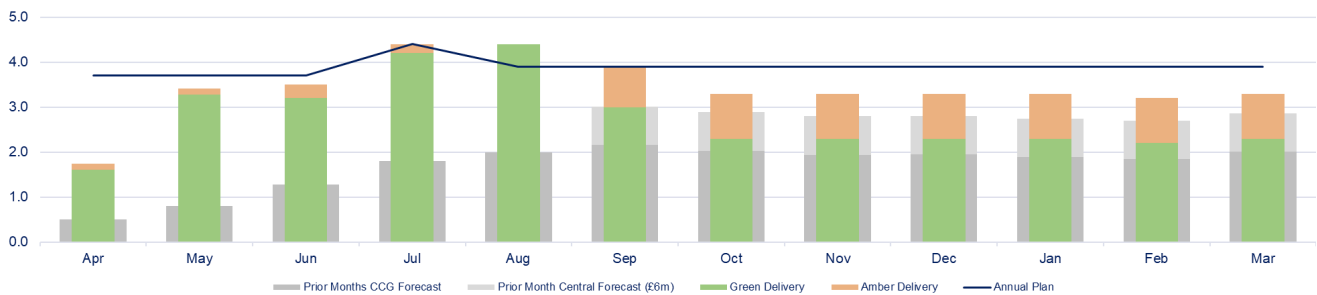
There is a lack of confidence that any action in place is sufficient to address the issue satisfactorily and/or within the scope of the operational team or executive to resolve. Engagement, action or intervention required.

Review of In-Year Savings Reporting

At the start of the financial year, to expedite budget holders to declare savings proactively, a non-recurrent underspend savings principle was agreed by Executives. This principle was to ensure that any pay savings were declared within the month they occurred, at the latest, and were not used to offset unrelated overspends.

Whilst this principle has worked as expected, a proactive approach to declaring savings has not yet materialised from some budget holders, and there is a significant gap between the month

on month saving delivery and that forecast for remaining periods in the year. The following graph shows that each month's actual savings consistently exceeds the prior month's forecast.



- A revised approach was introduced in Month 5 to ensure, as a minimum, a realistic financial position is confirmed as part of the gross forecast, including savings delivery. An amber scheme was created for £6.0m to show run rate reductions forecasted to future months. This was required due to the continued disconnect month on month with in-month delivery of savings and those forecast in future periods.
- Month 6 continues to show a disconnect due to the continuing improvement of the in-month position compared to the prior forecast. There is currently a c.£10m forecast deviation between the End of Year forecast and current run rate.
- Further run rate reductions were processed in Month 6, total of £1.1m. Based on Month 1-6 extrapolation of run rate conversions into non recurrent savings scheme, these values have been extrapolated to highlight the savings that have yet to be forecast by budget holders.
- Professional judgement by finance has recognised further opportunity and the Amber scheme balance of £4.9m has been increased to £6.0m.
- It is disappointing that portfolios haven't recognised fully the run rate conversions and as a result there will be a series of Targeted meetings to be established to review Month 6 forecasts and inform an updated position ahead of Month 7 forecasts.

Savings Delivery

- While the Core operational variation is showing as an underspend, the main issue driving the gross forecast is the unidentified savings gap of £5.0m and under delivery savings of £0.3m.
- the annual savings target of £46.4m, £41.4m has been identified on an in-year basis resulting in an under-identification gap of £5.0m. Of the £41.4m savings identified, £41.1m are forecast to deliver, leaving a £0.3m savings delivery gap.
- There is a significant identification gap for savings schemes across Clinical Care Groups. The end of year key performance breakdown per Clinical Care Group (CCG) / Executive Function is detailed in Appendix 1, showing the unidentified savings gap across all CCG's, but most notably Community and Integrated Medicine £5.0m, Planned and Specialist Care £3.4m and Operational Allied Health and Health Science £3.3m.
- Identification and delivery of robust recurrent and non-recurrent savings plans into future months, avoiding a disconnect between the in-month savings delivery and future projected savings is required.
- **The Targeted meetings** will need to explore specific actions and rationale for the assumed reduction in savings delivery. For those areas that are forecasting materially lower savings when compared to what is being delivered each month, the above review

meeting will need to explore specific actions and rationale for the assumed reduction in savings delivery.

- Given the significant identification gap for robust deliverable savings schemes across some portfolios, further escalation for the Finance domain is likely due to risk associated with delivering the annual plan equitably across services.

Underlying deficit and FY27 Planning Cycle

- The underlying deficit as part of the financial planning cycle is £58.5m, which assumes £19.0m of recurrent savings delivery. As at Month 6 £14.4m of recurrent full year effect schemes have delivered, resulting in an underlying deficit of £63.1m with a full year recurrent savings identification gap of £4.6m compared to the annual plan.
- This does not support the organisations required trajectory to achieve financial breakeven as part of the conditional recurrent funding criteria by 2027/28.
- Work on the annual plan for 2026-27 has commenced, **Appendix 4** refers to the Planning principles, timelines and approach that has been set out for the coming year for Committee approval. A first draft of the plan will be presented to the Committee in December 2025.

Welsh Risk Pool

NWSSP have written to Health Boards in July 2025 to highlight a potential risk that risk share arrangements may be invoked for the Welsh Risk Pool, where claim settlement volumes have increased during 2025/26. The Health Board's impact of this is current estimated to be £4.2m as the minimum WRP risk share expectation, which would result in a review of the reported financial forecast. However, in addition to this, there is a further risk of an additional £1.1m for the maximum level of WRP risk share expectation communicated in September 2025.

Advise (to monitor)

There are areas of concern where assurance has been taken on actions in place but requires close monitoring. An early warning of an emerging and potentially serious concern.

Cash

Given the Health Board's annual forecast is £27.8m, there will be a requirement for strategic cash and working capital balances to enable payment of all creditors in February and March 2026. Cash requirements will be assessed throughout the financial year and the strategic cash request will be required to be submitted to WG in November 2025. It is currently assumed that the 2024/25 financial outturn of £24.1m deficit would be supported, leaving a potential risk of £3.7m.

Ministerial Priorities

Contained within 'Ministerial Enablers: Annex 2' are specific requirements setting out what the Health Board must take further action on, to reduce the amount it spends on variable pay and premium agency, and has set out the following mandate on an adopt or explain basis:

- Deliver a further continued and sustained reduction in agency expenditure, with a target 30% reduction in 2025/26 from 2024/25 outturn, and ensuring no off-contract expenditure;
- Ensure a reduction in agency spend on Healthcare Support Worker, Admin and Clerical, and Estates and Ancillary staff to zero by 30 September 2025;
- Ensure effective implementation of job planning policy, to include ensuring that > 90% of all Consultants have an agreed job plan in place at all times by 30 September 2025;
- Ensure a reduction in sickness absence in 2025/26 in comparison to 2024/25, through maximising adherence to the requirements of agreed attendance at work policies and adhering to the all-Wales Occupational Health minimum service levels.

Continued positive action is evidenced towards achieving a 30% reduction in on-contract agency expenditure with a further reduction in spend in Month 6, with off-contract use now eliminated throughout the Health Board.

Capital

There is currently a risk emerging around confirmation of WG funding and overspending against the Capital Resource Limit (CRL) at this stage of the financial year.

The Health Board were anticipating capital funding towards the urgent Concrete cladding remedial works at Withybush Hospital (£0.85m) and have over-committed its Discretionary Capital Programme to fund these works. Correspondence received indicates that a decision will not be received until at least November, therefore the Health Board will need to review its Discretionary Capital Programme to assess what schemes will need to be paused. The uncertainty behind this means that it is becoming increasingly difficult for the Health Board to manage its capital programme effectively.

Assure (to note)

There is confidence that actions are robust and will be sufficient to address the issue or generally operating effectively. Routine monitoring.

Grip and control measures

- An internal escalation framework has been revised and implemented, aligned to the Clinical Care Group and Executive Functions. Escalation meetings have been undertaken for all escalated services. These services have received a clear message regarding the need to deliver financial recovery plans to convert savings opportunities into deliverable plans.
- Grip and control measures covering recruitment, training and procurement, overseen through the Financial Control Sub-Group (FCSG), chaired by the Executive Director of Finance, are providing scrutiny to current vacancies, with a sense of control permeating across the organisation, resulting in improvements to the financial bottom line.
- Additional controls are being sought relating to pay affecting change requests with the introduction of an automated solution for recording, tracking and approving requests into NWSSP Payroll, which FCSG will oversee when available.

Unapproved Investments

With WG feedback of the Annual Plan being unsupportable, investment cases have gone through a rigorous scrutiny process via the executive leads.

Recognising the financial challenge within the organisation, in reviewing options to improve the financial plan, some of the original provision for investment has been reviewed, £1.0m has been released recurrently as saving schemes. To date £8.0m has been approved on a recurrent basis, with a level of slippage identified in respect of in year spend for 2025/26, as a result of recruitment timescales and lead in times. As part of the investment funding, the commitment of £2.0m in relation to the Band 2/3 pay dispute remains centrally reserves until finalisation of the workforce validation process.

Financial Management in Government – Reporting for Decision Making

Appendix 5 refers to a guide published in September 2025 by the National Audit Office, which aims to provide insights and good practice on how information can be reported to make better financial management decisions. It sets out a standard for reporting. This report has been reviewed by Finance and Performance teams with a view to make changes if necessary to the current performance and financial reporting outputs.

Finance Reporting Developments

As part of the internal Finance departments drive for continuous improvement and insightful reporting, the Finance team have been developing reporting suites, namely, Reporting Hwb, to provide a more relevant and appropriate financial output. There are minor format changes in the financial performance report in Month 6, and in Month 7 outputs will be focussing on actual trends within key spend categories such as, pay, primary care prescribing, secondary care drugs and continuing healthcare.

This will provide further insight into key drivers of spend within the Health Board and will be aligned to all Wales reporting via Financial Planning & Delivery. The developments have been a further improved from work undertaken across NHS Wales, NHS England, and industry best practice.

Argymhelliad / Recommendation

The Finance and Performance Committee is asked to:

- **RECOGNISE** that the Health Board's forecast deficit remains as £27.8m in Month 6, with a savings target of £46.4m, and commitment to improving beyond the latest forecast of £27.8m, towards £24.1m in line with Welsh Government expectation.
- **SEEK ASSURANCE** on progress of savings actions to bridge the recurrent and non-recurrent savings gap from those Executive portfolios that have yet to identify their full target.
- **NOTE** that the Amber savings scheme judgement around future run rate conversion, total of £6.0m has been included within the Month 6 position, evidenced by past performance but in lieu of formal submission across service areas.
- **ACKNOWLEDGE** that an underlying deficit assessment has been undertaken and that will only be reduced via robust recurrent savings delivery improvements.
- **ENDORSE** the Financial planning cycle timelines, principles, approach and focus areas for the 2026-29 planning exercise.

- **NOTE** the work that is ongoing to provide more insightful and relevant reporting to the committee through the Financial Performance Report development.

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: <ul style="list-style-type: none"> 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:	2086 (score 20) Risk of the Health Board not being able to meet the statutory requirement of breaking even in 2025/26 due to significant deficit position.
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 Termiau: Glossary of Terms:	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 MHL D – 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 PSPP – Public Sector Payment Policy RTT – Referral to Treatment Time T&O – Trauma & Orthopaedics TCT – Target Control Total WG – Welsh Government WGH – Withybush Hospital 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.

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

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



Llywodraeth Cymru
Welsh Government

Phil Kloer
Chief Executive
Hywel Dda University Health Board

Our Ref: JP/HJ/SB

12 September 2025

Dear Phil

2025/26 Financial Position – Hywel Dda University Health Board

Thank you for our meeting on 11th September and for attending in person at Cathays Park, I valued the in-person and candid discussion, and you shared that you understand the gravity of the position and importance of improvement actions.

The detailed information pack you provided was helpful, recognising we didn't have the chance to review and discuss all associated detail I have asked Hywel and his team to review and follow up through our established mechanisms in addition to the actions we agreed.

I wanted to capture the key aspects and next steps from our discussion, namely:

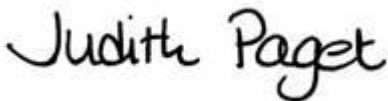
- Through the detailed work with the Board, you have improved your forecast to a £27.8m deficit, which represents another in-year improvement, but remains adrift of the £24.1m deficit expectation set by Welsh Government.
- I acknowledged the balance you described you are trying to strike on all aspects of delivery expectations including financial, ensuring robust QIA processes for your decisions, and the Board focus on taking the organisation with you on robust granular actions that deliver the £24.1m deficit requirement. You understood and appreciated our acknowledgement of the progress being made, along with your appreciation of Welsh Governments frustration at the organisation yet being able to close what is now a relatively minor residual gap in the context of the spend base of the organisation.
- Whilst progress is being made, and there is an improvement in the health board forecast, you remain adrift of the forecast expectation and have not met the requirement of ensuring 100% confidence in savings plan delivery by 11th of

September. The significance of the health board getting to a position to deliver in line with Welsh Government expectations was emphasised.

- You reflected the detail of your processes to maintain progress, and we discussed actions to continue to bear down on your expenditure run rate to below £2m per month, and your category 2 further savings opportunities. You described confidence that you would be able to identify the residual actions to deliver a £24.1m deficit but needed to maintain the integrity and quality of your processes and granularity of actions to do so which I understand.
- **You committed to ensuring that through those processes and Board interactions you would finalise clear actions to deliver with confidence your savings in full, and all actions to deliver and report a £24.1m deficit by your month 6 monitoring return on 13th October.**
- More broadly, we concluded with a positive reflection of looking to continue to build on the momentum of improvement into 2026/27, and the importance of a clear health board trajectory to financial balance with clarity on what support requirements could enable that delivery over a clear and agreed timeframe. Delivery of Welsh Government expectations and a £24.1m deficit outturn in 2025/26 would form a solid foundation for ongoing dialogue on continued improvement.

Please liaise directly with Hywel and team as required over coming weeks to maintain momentum at this critical milestone.

Yours sincerely



Judith Paget CBE

cc: Hywel Jones
Huw Thomas
Sian Jenkins



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CYMRU
NHS
WALES

Bwrdd Iechyd Prifysgol
Hywel Dda
University Health Board

Ein cyf/Our ref: CEO
Gofynnwch am/Please ask for: Kelly Sursona
Rhif Ffôn /Telephone: 01267 235969
Dyddiad/Date: 13 October 2025

Swyddfeydd Corfforaethol, Adeilad Ystwyth
Hafan Derwen, Parc Dewi Sant, Heol Ffynnon Job
Caerfyrddin, Sir Gaerfyrddin, SA31 3BB

Corporate Offices, Ystwyth Building
Hafan Derwen, St Davids Park, Job's Well Road,
Carmarthen, Carmarthenshire, SA31 3BB

Jacqueline Totterdell
Director General Health, Social Care and Early Years Group
Welsh Government

By email: Jacqueline.totterdell@gov.wales

Dear Jacqueline

Re: 2025/26 Financial Position

Background

I write in response to the letter from Judith Paget dated 11 September 2025, requiring a response by 13 October 2025.

Our Health Board has a long history of operating within a financial deficit. Many of these issues relate to the configuration of our services across the wide geography of West Wales; the underlying and longstanding workforce challenges; and the increasing demands on our services from an ageing population.

We significantly improved on our position over the last financial year. Our plan for 2024/25 included an assumed deficit of £64.0m after the delivery of £32.4m of savings. Following additional funding from Welsh Government, this position improved from £64.0m to £31.5m. We further improved upon our delivery of savings to deliver an outturn of £24.1m.

Our plan for the financial year was predicated on achieving our Target Control Total (TCT) of £31.5m, and we have been endeavouring to improve upon this position through internal action and ongoing dialogue with colleagues in Welsh Government. This dialogue culminated in a meeting that my team and I held with Judith Paget and Hywel Jones on 11 September 2025.

Internally, we have:

1. Increased our scrutiny of expenditure, through reinforcing our pre-existing Financial Control Subgroup. This function has made a significant impact in focusing the organisation on improving our agency usage and reducing our use of administrative and clerical staff in particular.

Swyddfeydd Corfforaethol, Adeilad Ystwyth,
Hafan Derwen, Parc Dewi Sant, Heol Ffynnon Job,
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Cadeirydd / Chair
Dr Neil Wooding CBE
Prif Weithredwr / Chief Executive
Professor Phil Kloer

2. Introduced a revised escalation structure, based on our existing “Improving Together” framework, with direct reporting into our Board and Subcommittees.
3. Our Formal Executive Team meetings also consider our financial position and recovery actions at each meeting.
4. Our Formal Executive Team meetings are also provided with support from our Integrated Quality, Finance and Performance Delivery Group; our Value and Sustainability Group; and our Healthier Mid and West Wales Group. These groups consider financial delivery in the short term, medium term and long term respectively.
5. Our Board and Subcommittees have provided enhanced scrutiny on the identification and delivery of savings. We have refocused our lead finance committee from a broader Sustainable Resources Committee to a Finance and Performance Committee. This change has ensured alignment across the finance and performance delivery domains and ensured improved Board governance arrangements.

There has been a clear expectation from Welsh Government that we should strive to improve upon the TCT and deliver a deficit of £24.1m, representing the outturn deficit position we delivered in 2024/25. This expectation was reiterated on 11 September 2025, with a requirement to confirm delivery by 13 October 2025.

Over the last year, since my appointment as the substantive CEO for the Health Board, we have committed to providing transparency to Welsh Government on our position, only committing to an improved trajectory where we can see a clear line of sight to delivery.

Process and Governance

We have continued to take steps to strengthen our financial position, which reflect our commitment to delivering continued efficiencies. Naturally, as the year progresses, the actions taken are increasingly resulting in the delay of costs. Actions such as the pause of discretionary recruitment and non-essential activities may not be sustainable in the medium term and will need further review as part of our plan for the coming financial year.

Our Month 6 position is reported as a £2.0m deficit, providing further confidence that these actions are having the desired impact in-year. We are continuing to strike a balance across all aspects of delivery expectations, and we have strengthened our governance arrangements with transparent quality and equality impact assessments, which have been shared with our Board Committees and the Board.

Our Board has requested further assurance over a number of schemes through our governance mechanisms, and as such we are yet to conclude the actions required to provide robust assurance back to the Board that we can achieve £24.1m. We are aiming to conclude this final process through October to enable us to focus on delivery for the remainder of the year; and providing the opportunity to consider our planning for 2025/26.

We will quantify our best estimate of the net impact of this movement through the Month 7 reporting cycle.

Savings

I would like to acknowledge our understanding of the assurances you require surrounding our savings delivery.

While we continue to increase our identification and delivery, we have not yet managed to achieve 100% confidence across all schemes. We have, included within our reported position, assumed a centrally recognised £6.0m scheme to provide some assurance over the remaining gap, where we have an evidenced track record of delivering this quantum, but have yet to fully commit to maintain the same level across our portfolio accountability arrangements as assured savings schemes.

As an organisation, we remain overly reliant on non-recurrent schemes. This is an area of concern for our Board and our Executive Team, and something we will consider as part of our planning cycle.

I am equally concerned by areas of clinical fragility across the organisation, which will need to be addressed through our planning cycle. We have developed a strong process of engagement with our local population as part of our Clinical Services Plan. While the developing plans will provide greater long-term sustainability, these are likely to require some degree of investment over the coming planning cycle.

Summary

We have improved upon our financial position twice this year: from £31.5m to £30.0m in July and then to £27.8m in August. We recognise the need to improve upon this, but I am also very cognisant of the risk arising from additional costs from the Welsh Risk Pool, which may range from £4.2m to £5.3m for Hywel Dda UHB.

We have not declared an improvement in our forecast this month, but I do anticipate us making a further improvement to our core forecast next month to achieve a projection closer to the £24.1m requirement. I regret, however, that this improvement will likely be offset by the impact of the Welsh Risk Pool, pending Board deliberations and definitive information from NWSSP. For assurance, our financial forecast as outlined in this letter will be subject to scrutiny by the Finance and Performance Committee in October, and onward for Board approval in November 2025.

I believe we are making significant progress; however, I am clear on the requirement for a medium-term recovery plan for the Health Board. Naturally, as we navigate what will be a challenging roll-over budget, I would be grateful for the continued support of your team as we develop this work. I am happy to discuss this further if that would be of benefit.

Yours sincerely



Prof. Phil Kloer
Chief Executive Officer/Prif Weithredwr

cc. Hywel Jones, Director of Finance, HSCEY
Board Members, Hywel Dda UHB



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Hywel Dda
University Health Board



2025/26 Financial Performance Report
Finance and Performance Committee
Month 6 September 2025/26



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Bwrdd Iechyd Prifysgol
Hywel Dda
University Health Board

Executive Summary

Executive Summary



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Hywel Dda
University Health Board

The Health Board's Annual Planned Deficit is £30.0m with an Annual Savings Target of £46.4m. Gross forecast position is £31.1m, with planned mitigating actions of £3.3m, to be finalised, to achieve the reported end of year forecast position of £27.8m. Total savings delivery are £41.1m, leaving a savings delivery gap of £5.3m against the savings target.

The in-month financial position is a deficit of £2.0m, which is an improvement against the £2.5m in-month deficit plan due to the in-month savings target of £3.9m being over identified by £0.3m, and a core operational underspend of £0.5m. These are offset by in-month under delivery of savings of £0.3m relating to one scheme within Planned & Specialist Care. The financial run rate is on track to achieve the forecast position with mitigating actions of £3.3m required. The Health Board is committed to improving beyond the latest forecast of £27.8m, towards £24.1m in line with Welsh Government expectation.

Key Driver (£'m)	Prior month variance to breakeven	Current month variance to breakeven	Year to Date variance to breakeven	Prior Month End of Year forecast to breakeven	End of Year forecast to breakeven
Planned Deficit	2.5	2.5	15.0	30.0	30.0
Unidentified / (Identified) savings gap / (improvement)	(0.5)	(0.3)	1.6	9.2	5.0
Under / (Over) delivery of savings schemes	0.0	0.3	0.3	0.0	0.3
Core operational variation	0.0	(0.5)	(1.1)	(5.9)	(4.2)
Gross Forecast	2.0	2.0	15.8	33.3	31.1
Future Mitigating Actions	0.0	0.0	0.0	(5.5)	(3.3)
Reported Position	2.0	2.0	15.8	27.8	27.8

Key Measures (Risk rating = Impact x Likelihood)		
Core Operational Variation		The in-month core budget performance is £0.5m underspent, and the end of year core budget performance is £4.2m underspent. Further to the work aligned to the quarter 2 focus of de-risking the plan, the forecast position has remained at £27.8m in Month 6 with further actions expected to improve towards the £24.1m in Month 7.
Cash	Risk #2086 5 x 4 = 20	Given the Health Board's revised annual forecast is £27.8m, there will be a strategic cash requirement in line with forecast deficit and working capital balances. The cash risk relates to Welsh Government's assumption of the Health Board delivering a deficit of £24.1m. A cash management strategy may be required if the current forecast remains unchanged.
Savings		Of the annual savings target of £46.4m, £41.4m has been identified on an in-year basis resulting in an under-identification gap of £5.0m. Of the £41.4m savings identified, £41.1m are forecast to deliver, leaving a £0.3m savings delivery gap. Recurrent savings delivery total £14.1m against plan of £19.0m, with the balance of £27.0m being non-recurrent against the plan of £27.4m. Run rate management of year to date underspend savings of £6.0m are now in the savings forecast to deliver in future months.
Capital		The Health Board were anticipating capital funding towards the urgent concrete cladding remedial works at Worthybush Hospital (£0.85m) and have over-committed its Discretionary Capital Programme to fund these works. Correspondence received indicates a decision is not expected until November 2025, therefore some schemes will need to be paused. The uncertainty behind this means that it is becoming increasingly difficult for the Health Board to manage its capital programme effectively.
Underlying Deficit	Risk #1199 5 x 5 = 25	£14.4m of recurrent full year effect schemes have delivered, resulting in an underlying deficit of £63.1m. This does not support the organisations required trajectory to achieve financial breakeven and delivery commitments are required urgently. In addition, there are an increasing number of areas with clinical variation increases which will need to be considered as part of the current planning cycle.

Movements from Prior Reported Position



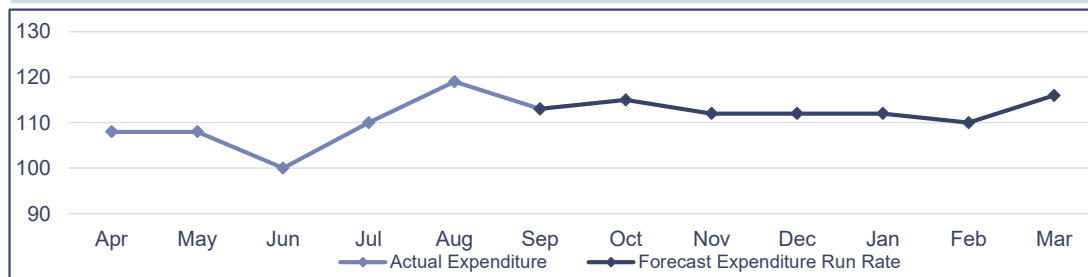
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Key Driver (£'m)	Prior Month End of Year Forecast	End of Year Forecast	Movement in Forecast
Planned Deficit	30.0	30.0	0.0
Unidentified savings gap	9.2	5.0	(4.2)
Under / (Over) delivery of savings schemes	0.0	0.3	0.3
Core Operational Variation	(5.9)	(4.2)	1.7
Gross Forecast	33.3	31.1	(2.2)
Conversion of current run rate	(5.5)	(3.3)	(2.2)
Reported Net Position	27.8	27.8	0.0

Monthly Actual and Forecasted Expenditure Run-Rate £'m

The forecast revenue run-rate trajectory reflects the revised forecast deficit position of £27.8m. Month 3 Amortisation of Capital Expenditure reduced circa £8.0m. Month 5 Pay Expenditure increased circa £9.0m relating to the 2025-26 Pay Award including year to date backpay.



Unidentified Savings Gap (£'m)	Change
In-month run rate management conversions	(1.1)
Newly identified schemes	(3.0)
Blue/Red converted to Amber/Green savings schemes	(0.1)
Movement in Unidentified Savings Gap	(4.2)

Under / (Over) Delivery of Savings Schemes (£'m)	Change
Under delivery of Planned & Specialist Care Variable Pay Saving Scheme	0.3
Movement in Savings Delivery	0.3

Core Operational Variation (£'m)	Change
Continuing Healthcare Packages within Community and Mental Health	1.0
Planned and Specialist Care use of premium agency to cover Medical & Dental rota gaps	0.8
Operational Allied Health costs as targeted response to improve diagnostic waiting times	0.4
Radiology and Pathology delayed and reduced cost of contracts	(0.5)
Movement in Core Operational Variation	1.7

Revenue and Cash Trajectory

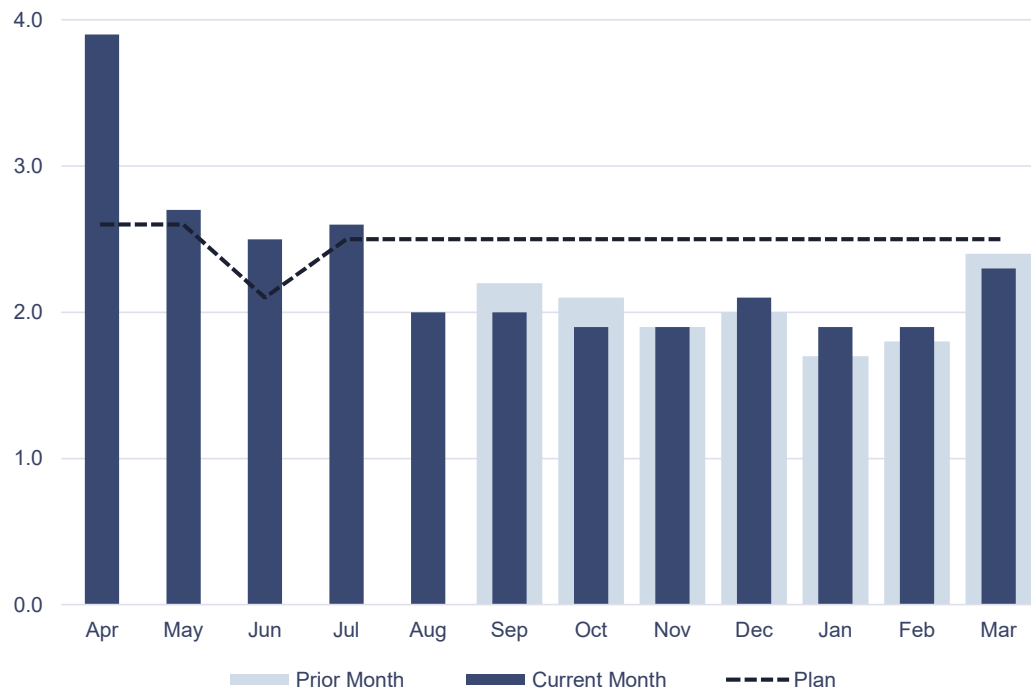


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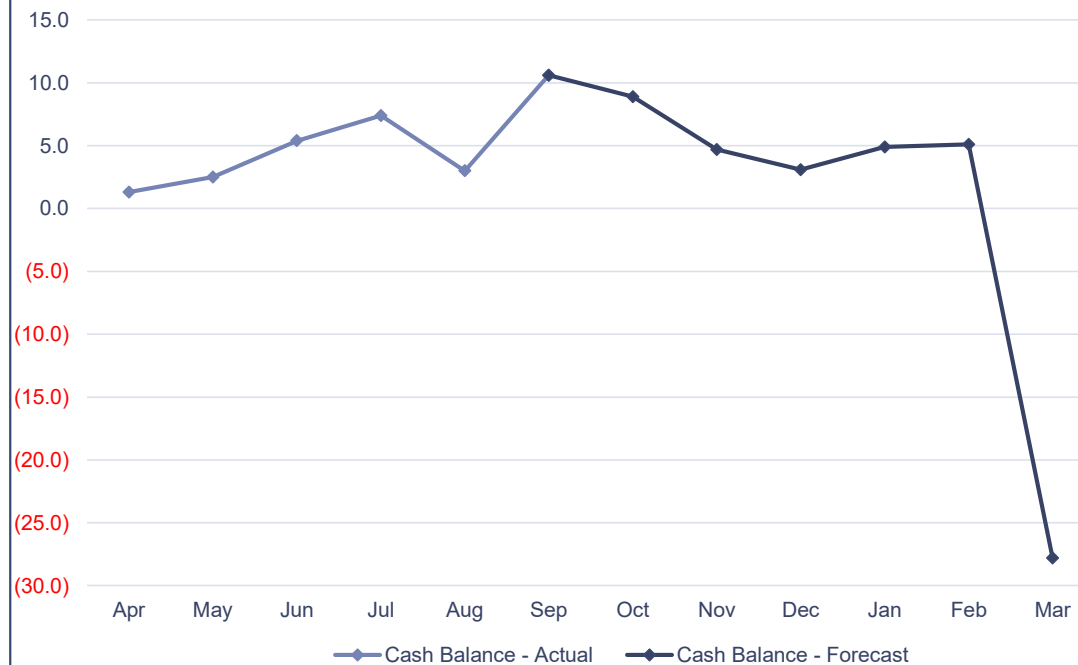
Revenue Deficit Trajectory (£'m)

As at Month 6 the forecast outturn remains a deficit of £27.8m, an improved position of £2.2m against the planned deficit of £30.0m. The commitment to further reduce the forecast outturn to £24.1m, in line with the deficit expectation set by Welsh Government, is outlined through the current risk and opportunities of the Health Board.



Cash Flow Trajectory (£'m)

We will be working with Welsh Government to understand cash available and whether in line with our control total of £24.1m and assume this as a pending cash allocation, albeit subject to a strategic cash request later in the year, leaving our current cash risk more accurately reflected as £3.7m.



Executive Insight, Next Steps and Actions



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Action / Decision	Description	Owner	Status	Due Date
Forecast Credibility – in-month financial performance continues to better than of the prior months forecast	The Health Board is no longer providing credibility to WG due to the continuing improvement of the in-month position compared to the prior forecast. There is currently a c.£10m forecast deviation between the End of Year forecast and current run rate.	Executive Directors and Deputies	Targeted meetings to be established to review Month 6 forecasts and inform an updated position ahead of Month 7 forecasts. Ref #1	Overdue and Urgent – October 2025
Reactive Savings Planning	For those areas that are forecasting materially lower savings when compared to what is being delivered each month, the above review meeting will need to explore specific actions and rationale for the assumed reduction in savings delivery.	Executive Directors and Deputies	Limited commitment to forecast future underspends as savings – Amber overlay judgement scheme remains and causes a credibility query. Ref #2.	October 2025
Top 10 Overspend Alerts	Following an assessment at the halfway stage of year, there are further management actions required to mitigate material overspend areas that are now embedded. These will improve the current run rate and avoid unnecessary difficult decisions.	Service lead for portfolios highlighted	Mitigation action plan clarity required for the Month 7 reporting cycle in early November. To be reviewed within business structures. Ref #3.	November 2025
£30.0m to £24.0m further savings options	Latest update highlights some schemes are now delivering, but further updates required for those items that are not yet confirmed with robust plans for items that have been agreed.	Executive Directors	Agreement to implement schedule 1, and clarity required on progress that is possible for schedule 2. Ref #4.	December 2025
Medical Pay – Additional cover and premium	Continued use of additional medical cover, including premium locum and agency in BGH, Planned Care and Mental Health. Required: roster management, consistent rate card implementation and exit strategies for reliance on premium cover linked to sustainability service delivery plans.	CCG Directors for areas noted	Update required for timelines on Medical Stabilisation Programme	Overdue
Referral to Treatment (RTT) performance trajectory	With multiple workstreams and programmes to improve waiting times and waiting lists, a clearer triangulation is required around the implications between elective pathways and diagnostics, ensuring value for money approaches are maximised	Director of Operational Planning & Performance	Confirm the plans and performance trajectories, including the impacts on resources and finances, on waiting times/ lists.	November 2025

1a. Annualised Position Summary



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Clinical Care Group (£'m)	M1-6 Savings Annualised	Forecast Savings	Difference	M1-6 Core Variance Annualised	Core Forecast	Difference	Total Difference
Chief Operating Officer Management	1.6	0.6	1.0	(0.2)	(0.6)	(0.4)	0.6
Community and Integrated Medicine	6.0	5.5	0.5	1.4	0.4	(1.0)	(0.5)
Mental Health and Learning Disabilities	6.0	4.3	1.7	2.2	0.5	(1.7)	0.0
Operational Allied Health and Health Sciences	0.5	0.5	0.0	(1.6)	(0.5)	1.1	1.1
Planned and Specialist Care	9.7	8.2	1.5	(2.4)	(0.6)	1.8	3.3
Primary Care, Community Strategy and Long Term Care	6.0	4.1	1.9	(1.5)	(2.9)	(1.4)	0.5
Executive Functions	17.5	18.2	(0.7)	1.9	(0.2)	(2.1)	(2.9)
Grand Total	47.3	41.4	5.9	(0.2)	(3.9)	(3.7)	2.1

Methodology: Months 1 to 6 (year to date) plus Months 4 to 6 divided by 3 multiplied by 6

Please note this includes the £6.0m run rate management of year to date underspend savings in the savings forecast to deliver in future months.

1b. Annualised Position – Executive Functions



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Clinical Care Group (£'m)	M1-6 Savings Annualised	Forecast Savings	Difference	M1-6 Core Variance Annualised	Core Forecast	Difference	Total Difference
Chief Executive	0.5	0.3	0.2	(0.1)	0.0	0.1	0.3
Digital	1.1	0.9	0.2	(1.9)	(0.4)	1.5	1.7
Estates and Facilities	0.3	0.3	0.0	0.1	0.5	0.4	0.4
Executive Allied Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Finance	0.6	0.4	0.2	(0.2)	(0.2)	0.0	0.2
Health Board Wide	6.9	11.2	(4.3)	1.8	(0.3)	(2.1)	(6.5)
LTA's	1.2	0.9	0.3	3.7	1.7	(2.0)	(1.7)
Medical	0.1	0.1	0.0	(0.4)	(0.2)	0.2	0.2
Nursing	0.9	0.7	0.2	0.1	0.4	0.3	0.5
Public Health	1.8	1.0	0.8	(0.7)	(0.7)	0.0	0.8
Strategy and Planning	0.9	0.7	0.2	(0.1)	(0.3)	(0.2)	0.0
Workforce	3.2	1.7	1.5	(0.4)	(0.7)	(0.3)	1.2
Grand Total	17.5	18.2	(0.7)	1.9	(0.2)	(2.1)	(2.9)

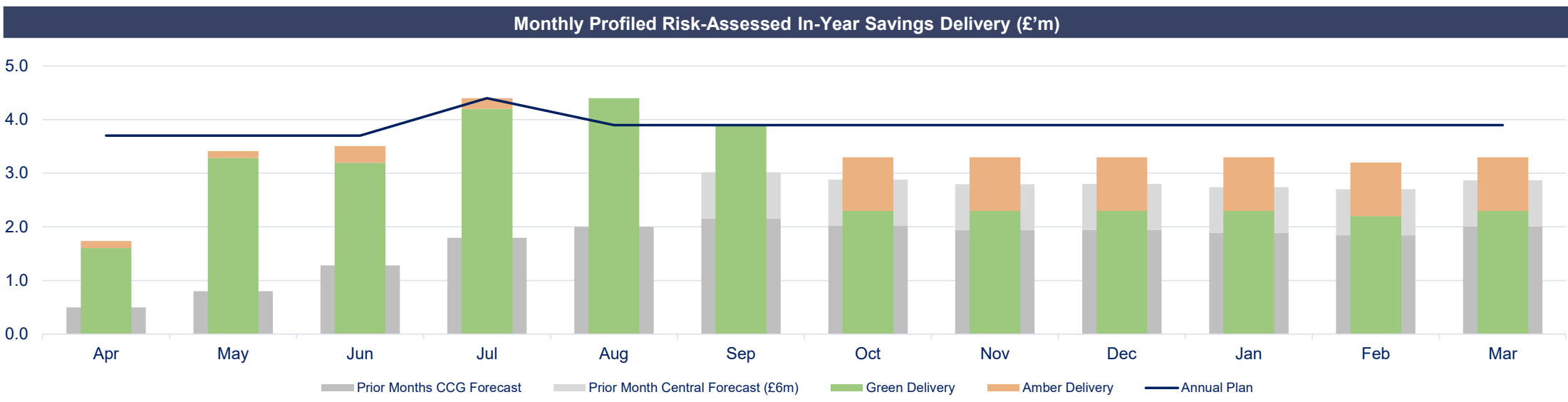
2a. Savings Delivery vs Prior Month Forecasts



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Savings	Savings Target	Savings Delivery	Prior Month Forecast	Deviation to Forecast
	£46.4m	£41.1m	£37.2m	£(3.9)m
	Recurrent = £19.0m Non-Recurrent = £27.4m	Recurrent = £14.1m Non-Recurrent = £27.0m 111% delivery vs prior forecast	Recurrent = £12.4m Non-Recurrent = £24.8m	Recurrent = £(1.7)m Non-Recurrent = £(2.2)m



Compared to the **prior month end of year forecast of £37.2m savings delivery**, our end of year **savings delivery has improved** by a further **£(3.9)m**, with **total savings identified improving by £(4.2)m**, offset by **£0.3m under delivery** of a Planned and Specialist Care Variable Pay savings scheme. In-month identification of savings include **£(1.6)m Oncology and Ophthalmology drugs** schemes within Planned and Specialist Care, **£(0.4)m Primary Care Drugs** Savings, and a further **£(1.1)m across various schemes**. Underspend conversion schemes totalled **£(1.1)m**.

2b. Clinical Care Group Underspend Savings



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The following two tables detail the savings delivery associated with **the current monthly underspend approach**, which shows the **run rate management underspends** converted to non-recurrent savings schemes between Month 1 to 6. These values have been extrapolated for three scenarios, option 1 and 2 100% and risk adjusted 75% extrapolated, to highlight the savings that have yet to be forecast by budget holders, with the third being the balance of the £6.0m forecasted in M05 adjusted for M06 savings delivery. **Options will increase savings forecast between £4.9m - £7.0m.**

Clinical Care Group (£'m)	Month 1 to 6	Option 1 Run Rate Extrapolated	Option 2 Risk Adjusted Extrapolation	Option 3 M05 Risk Adjusted Balance
Chief Operating Officer Management	0.6	0.6	0.5	0.2
Community and Integrated Medicine	0.4	0.4	0.3	0.2
Mental Health and Learning Disabilities	0.6	0.6	0.5	0.1
Operational Allied Health and Health Sciences	0.0	0.0	0.0	0.0
Planned and Specialist Care	1.0	1.0	0.9	1.1
Primary Care, Community Strategy and LTC	1.7	1.7	1.5	1.2
Clinical Care Group Sub Total	4.3	4.3	3.7	2.8

2c. Executive Functions Underspend Savings



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Executive Functions (£'m)	Month 1 to 6	Option 1 Run Rate Extrapolated	Option 2 Risk Adjusted Extrapolation	Option 3 M05 Risk Adjusted Balance
Chief Executive	0.1	0.1	0.0	0.0
Digital	0.2	0.2	0.2	0.1
Finance	0.3	0.3	0.3	(0.1)
Nursing	0.3	0.3	0.3	0.3
Public Health	0.3	0.3	0.2	0.3
Strategy and Planning	0.1	0.1	0.1	0.1
Workforce	1.4	1.4	1.2	1.4
Executive Functions Sub Total	2.7	2.7	2.3	2.1
Grand Total	7.0	7.0	6.0	4.9

It should be recognised that these options will not achieve robust Green schemes by the Month 6 reporting deadline resulting in further action required to robustly forecast plans led by each budget holder. Portfolios will be expected to respond to the deviation between the run rate trajectory and their forecast. Welsh Government are likely to request further clarity having not met their expectations of reporting 100% confidence on delivering Green schemes for the total savings target by 14 October 2025.

3. Executive Insights Top 10 Overspend Alerts



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Rank	Clinical Care Group	£'m	Details
1	CHC – Mental Health & Learning Disabilities (2.0m) CHC – Community & Integrated Medicines (0.8m)	2.8	Net increase of 20 cases, backdated and high-cost packages driving increased costs in Continuing Health Care, and fees in relation to purchase of beds from independent sector
2	Planned & Specialist Care	2.4	Outsourcing spend to achieve recovery targets in Ophthalmology, Theatres and Urology
3	Planned & Specialist Care	2.1	Use of premium agency to cover Medical & Dental rota gaps
4	LTA 's with other NHS Providers	1.6	Continued increases in Swansea Bay Emergency Activity
5	Primary Care, Community Strategy and LTC	1.1	High Medical & Dental premium costs associated with running Managed Practices without a substantive workforce model
6	Mental Health & Learning Disabilities	1.0	Continued use of premium medical agency for a small number of high value vacancies
7	Estates & Facilities	1.0	Other non pay costs, including Laundry, Energy, Utilities & external maintenance contracts
8	Chief Operating Officer Management	0.9	Increase in management costs within new CCG structure phase 1, with awaiting conclusion of CCG phase 2 posts to be recruited and finalised
9	Operational Allied Health & Health Scientists	0.5	Net pay pressures across Nursing & Allied Health linked to stabilisation work with exit plans identified and to be implemented
10	Nursing Quality & Patient Experience	0.4	Ongoing high costs for Legal fees for Inquests

Any mitigations for these items would improve the run rate and forecast but might not be formally recognised as a savings scheme.

4a. £2.4m Board Improvement Decisions (1 of 2)



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Category 1 Items £k				
Scheme	Original Opportunity	In Position at M06	Opportunity Balance	Details
HB wide recruitment freeze for non-patient facing roles	1,127	500	627	20wte apprentice vacancies within Workforce and Organisational Development held until the next financial year.
Pause procurement of non-essential non-clinical equipment/ consumables to promote recycling	41	0	41	No benefit included in the Month 6 position. Further work needed to deliver this saving
Mandate virtual meetings for management staff	33	0	33	No benefit included in the Month 6 position. Further work needed to deliver this saving
MHLD - Neurodevelopmental outsourcing, core funding. Pause on the basis that plan is deferred temporarily and review in Q4.	230	0	230	To be discussed at the MH Recovery Meeting. No benefit has been included in the Month 6 position.
Strategic Planning budget including consultancy use Split A: Non-CSP work	250	250	0	Savings transacted and the £250k was included in the Month 6 position.
Sub Total	1,681	750	931	

Category 1: Options which present lesser negative impact from a service delivery perspective, though are not without consequence.

4b. £2.4m Board Improvement Decisions (2 of 2)



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Category 2 Items £k				
Scheme	Original Opportunity	In Position at M06	Opportunity Balance	Details
Pause all overtime until the end of March	96	0	96	Overtime costs have increased from an average of £604k per month to £635k in month 6.
Reduce/eliminate all on contract agency	0	0	0	Agency has increased in month 6.
Local Authority shared costs	450	0	450	Work progressing. At this stage, this is still considered Highly Likely
Cease Minor Works other than essential	100	0	100	Ceasing minor works other than essential works remains an option but at this stage, this has not been actioned
Non-renewal of contracts and or digital licences	75	75	0	£75k forecast improvement in Month 6 to reflect the action taken
Opportunity linked to Neurology double charge and TOPS service	70	0	70	Further work ongoing but at this stage, this benefit is seen as unlikely
Sub Total	791	75	716	
Total	2,472	825	2,647	

Category 2: Options of consequences – options which require more detailed assessment by CCGs/Functions to assess what can be delivered within specific services.



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Financial Position Summary

End of Year: Financial Position Summary



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Headline	Reported Position	Savings Delivery Gap	Capital Position	Underlying Deficit
	<p>£27.8m ●</p> <p>Annual Plan = £30.0m Prior Annual Forecast = £27.8m</p>	<p>£5.3m ●</p> <p>Savings Target = £46.4m Total Delivery = £41.1m</p>	<p>£35.9m ●</p> <p>Annual Plan = £35.1m Prior Annual Forecast = £36.9m</p>	<p>£63.1m ●</p> <p>Annual Plan = £58.5m</p>
Pay	<p>Total Pay</p> <p>£677.3m ●</p> <p>Plan = £682.4m Prior Annual Forecast = £676.7m</p>	<p>Substantive</p> <p>£616.9m ●</p> <p>Plan = £659.3m Prior Annual Forecast = £614.3m</p>	<p>Variable</p> <p>£52.2m ●</p> <p>Plan = £19.0m Prior Annual Forecast = £53.8m</p>	<p>Agency (Premium)</p> <p>£8.2m ●</p> <p>Plan = £4.1m Prior Annual Forecast = £8.6m</p>
Non-Pay	<p>Primary Care Drugs</p> <p>£86.4m ●</p> <p>Plan = £85.6m Prior Annual Forecast = £86.1m</p>	<p>Secondary Care Drugs</p> <p>£68.8m ●</p> <p>Plan = £74.4m Prior Annual Forecast = £70.8m</p>	<p>Continuing Healthcare</p> <p>£68.7m ●</p> <p>Plan = £66.2m Prior Annual Forecast = £68.3m</p>	<p>Clinical Services & Supplies</p> <p>£49.4m ●</p> <p>Plan = £48.1m Prior Annual Forecast = £49.5m</p>

Key Drivers

The **Month 6** end of year forecast financial position is a **deficit of £27.8m**, which is an improvement against the Annual Deficit Plan of £30.0m. The **core operational variance to plan is £(4.2)m**, with the annual **savings target of £46.4m being under-identified by £5.0m** and identified savings schemes of £41.4m being under delivered by £0.3m. Further **mitigating actions of £3.3m** are required to deliver the revised forecast deficit position of £27.8m. Improvements to deliver the mitigating actions and go beyond the £27.8m deficit plan is the focus of the organisation in the coming months. A £6.0m amber savings scheme is included, representing a central judgement based on run rates.

End of Year: Key Drivers vs Plan



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Spend Category	£'m	Supporting Information
Planned Deficit	30.0	As per revised annual plan submission to Welsh Government
Savings Identification Gap / (Surplus)	5.0	Savings identification of £41.4m against £46.4m target. Includes £6.0m of Amber schemes awaiting formal acceptance and conversion to Green by budget holders linked to continued run rate management actions.
Income	(2.2)	Income overachievement for Bowel and Breast Screening, Wet age-related macular degeneration, Flying Start, Health Education and Improvement Wales within Children and Women, Radiology and Therapies.
Clinical Services and Supplies	1.2	Continence products within Community and Integrated Medicine, Theatres and Orthopaedics consumables within Planned and Specialist Care and Laboratory equipment and Podiatry consumables within Allied Health.
Commissioned Healthcare Services	1.8	Planned Care Insourcing activity, Swansea Bay LTA Emergency activity, Psychiatric Intensive Care beds and Continuing Health Care packages within Mental Health and Community, offset by Dental contracts underspend.
Drugs and Prescribing	(4.7)	Oncology and Ophthalmology drugs underspend due to delayed presentation of new NICE funded drugs. Activity growth of 11.4% year to date, but cost per patient decreased by 15.2% from prior year.
Other Non-Pay	4.8	Maintenance price increase on external suppliers' contracts, software licences fees, energy price increase and laundry service cost pressure. Premises, legal, travel and transport costs and license fees across areas.
Administration and Estates	(5.3)	Continued Administration & Clerical vacancies, particularly across Operational Directorates where savings have yet to be fully identified, thus recruitment is re-prioritised through Financial Control Sub Group.
Allied Health, Scientists and Other	(1.0)	Vacancies within Mental Health, Primary Care, and Planned and Specialist Care.
Medical and Dental	4.5	Premium costs to cover vacancies within Mental Health, Community and Integrated Medicine, Planned and Specialist Care and Primary Care.
Nursing, Midwifery and Clinical Support	(3.0)	Continued Nursing vacancies within Mental Health, Community and Integrated Medicine and Planned and Specialist Care.
Gross Position	31.1	
Further Mitigating Actions	(3.3)	
Reported Position	27.8	As reported in Month 5 to Welsh Government, which included an improvement from £30.0m plan

End of Year: Key Performance Breakdown



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Clinical Care Group (£'m)	Savings Gap to Target	Savings Delivery vs Plan Benefits	Core Operational Variation	Total Savings and Core Performance
Planned Deficit				30.0
Chief Operating Officer Management	0.2	0.0	(0.6)	(0.4)
Community and Integrated Medicine	5.0	0.0	0.4	5.4
Mental Health and Learning Disabilities	1.5	0.0	0.5	2.0
Operational Allied Health and Health Sciences	3.3	0.0	(0.5)	2.8
Planned and Specialist Care	3.4	0.3	(0.9)	2.8
Primary Care, Community Strategy and Long Term Care	2.4	0.0	(2.9)	(0.5)
Executive Functions	(10.8)	0.0	(0.2)	(11.0)
Sub Total	5.0	0.3	(4.2)	1.1
Gross Position				31.1
Further mitigating actions				(3.3)
Reported Position				27.8

End of Year: Key Performance vs Prior Forecast



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	Prior Month				Current Month				Movement			
Clinical Care Group (£'m)	Savings Gap to Target	Savings Delivery vs Plan Benefits	Core Operational Variation	Total Position	Savings Gap to Target	Savings Delivery vs Plan Benefits	Core Operational Variation	Total Position	Savings Gap to Target Movement	Savings Delivery vs Plan Benefits Movement	Core Operational Variation Movement	Total Movement
Planned Deficit	30.0				30.0				0.0			
Chief Operating Officer Management	0.3	0.0	(0.6)	(0.3)	0.2	0.0	(0.6)	(0.4)	(0.1)	0.0	0.0	(0.1)
Community and Integrated Medicine	5.6	0.0	(0.1)	5.5	5.0	0.0	0.4	5.4	(0.6)	0.0	0.5	(0.1)
Mental Health and Learning Disabilities	2.0	0.0	(0.2)	1.8	1.5	0.0	0.5	2.0	(0.5)	0.0	0.7	0.2
Operational Allied Health & Health Sciences	3.3	0.0	(0.3)	3.0	3.3	0.0	(0.5)	2.8	0.0	0.0	(0.2)	(0.2)
Planned and Specialist Care	5.0	0.0	(2.0)	3.0	3.4	0.3	(0.9)	2.8	(1.6)	0.3	1.1	(0.2)
Primary Care, Community Strategy & LTC	3.1	0.0	(3.0)	0.1	2.4	0.0	(2.9)	(0.5)	(0.7)	0.0	0.1	(0.6)
Executive Functions	(10.1)	0.0	0.3	(9.8)	(10.8)	0.0	(0.2)	(11.0)	(0.7)	0.0	(0.5)	(1.2)
Sub Total	9.2	0.0	(5.9)	3.3	5.0	0.3	(4.2)	1.1	(4.2)	0.3	1.7	(2.2)
Gross Position				33.3				31.1				(2.2)

End of Year: Saving Delivery Performance



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Savings

Savings Target

£46.4m

Recurrent = £19.0m
Non-Recurrent = £27.4m

In-Year Recurrent Gap

£4.9m

Target = £19.0m
Delivery = £14.1m

In-Year Non-Recurrent Gap

£0.4m

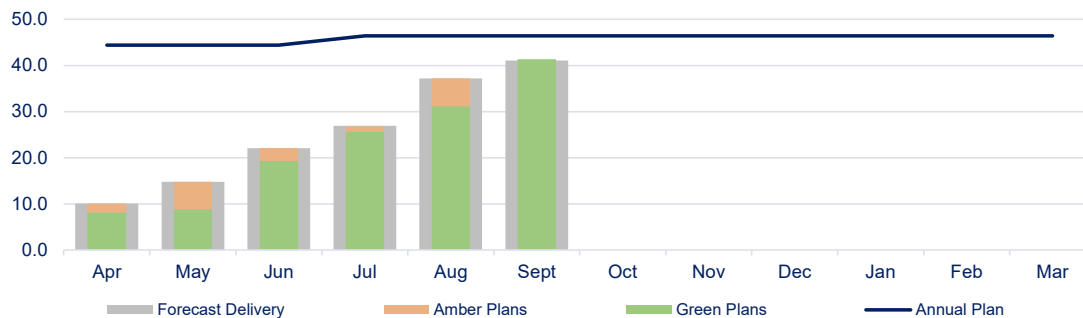
Target = £27.4m
Delivery = £27.0m

Full Year Recurrent Gap

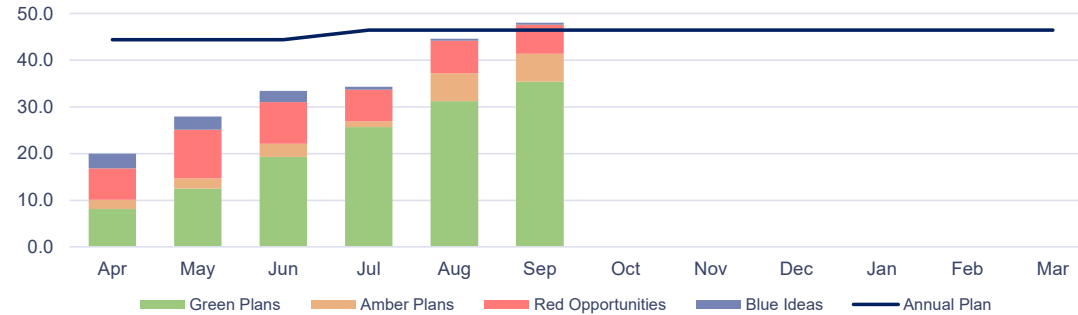
£4.6m

Target = £19.0m
Delivery = £14.4m

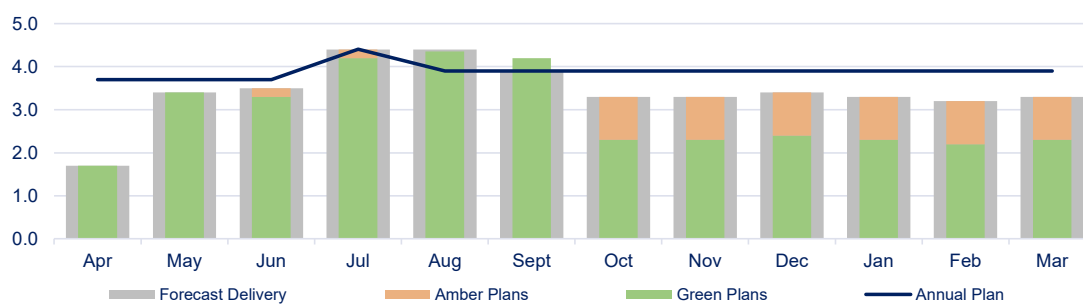
Monthly Trend of Annual In-Year Risk-Assessed Savings Delivery (£'m)



Monthly Trend of Annual In-Year Opportunity, Pipeline & Savings Plans (£'m)



Monthly Profiled Risk-Assessed Savings Delivery (£'m)



Monthly Trend of Annual Recurrent Opportunity, Pipeline & Savings Plans (£'m)



End of Year: Savings Performance Breakdown



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Savings

Savings Target

£46.4m

Revised Annual Plan = £46.4m

Savings Identification

£41.4m

89% of Savings Target

Savings Delivery

£41.1m

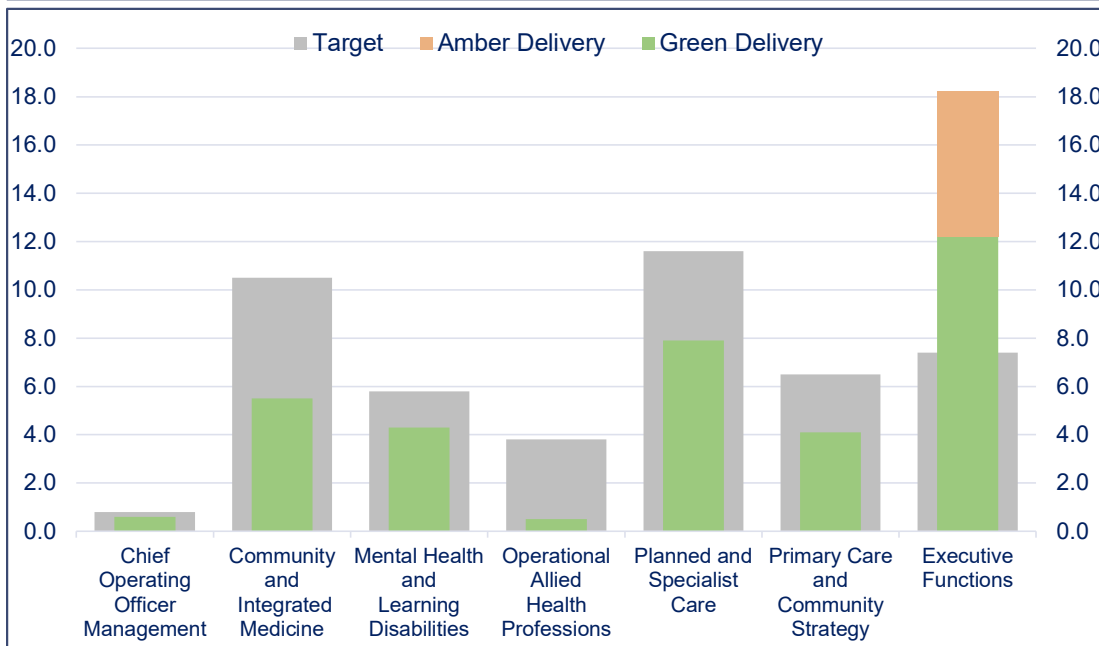
Recurrent = £14.1m
Non-Recurrent = £27.0m

Delivery Gap to Target

£5.3m

11% of Savings Target

Savings Delivery vs Target (£'m)



Savings Performance Breakdown (£'m)

Clinical Care Group	Target	Plan	Delivery	Gap
Chief Operating Officer Management	0.8	0.6	0.6	0.2
Community and Integrated Medicine	10.5	5.5	5.5	5.0
Mental Health and Learning Disabilities	5.8	4.3	4.3	1.5
Operational Allied Health and Health Sciences	3.8	0.5	0.5	3.3
Planned and Specialist Care	11.6	8.2	7.9	3.7
Primary Care, Community Strategy and LTC	6.5	4.1	4.1	2.4
Executive Functions	7.4	18.2	18.2	(10.8)
Grand Total	46.4	41.4	41.1	5.3

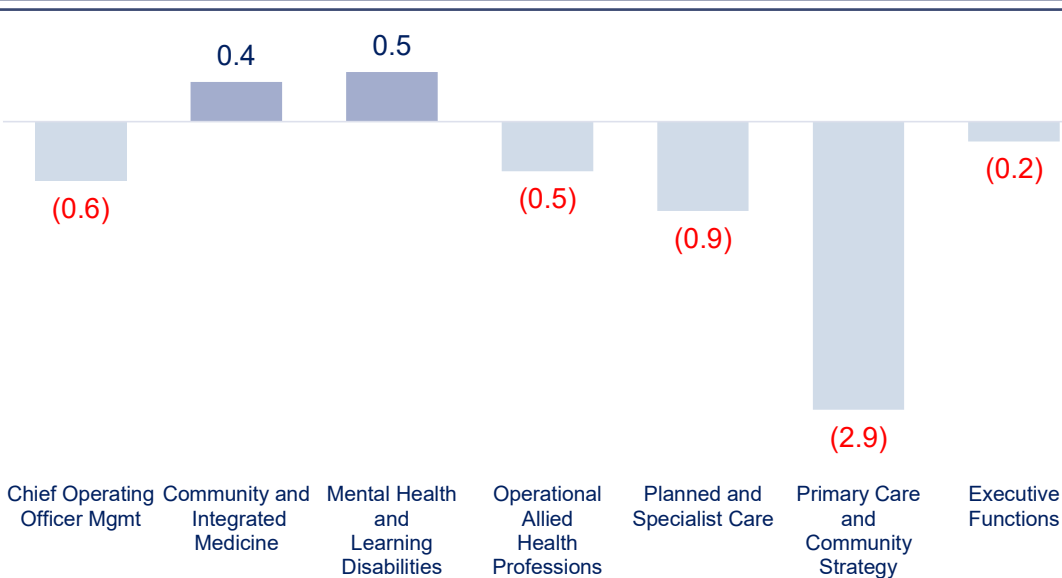
End of Year: Core Operational Variation



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Core Operational Variation (£'m)



Core Operational Variation (£'m)

Clinical Care Group	Pay	Non-Pay	Income	Total
Chief Operating Officer Management	(0.6)	0.0	0.0	(0.6)
Community and Integrated Medicine	(1.6)	2.4	(0.4)	0.4
Mental Health and Learning Disabilities	(1.3)	1.7	0.1	0.5
Operational Allied Health and Health Sciences	0.4	(0.1)	(0.8)	(0.5)
Planned and Specialist Care	1.0	(0.8)	(1.1)	(0.9)
Primary Care, Community Strategy and LTC	(0.2)	(3.3)	0.6	(2.9)
Executive Functions	(2.8)	3.2	(0.6)	(0.2)
Total	(5.1)	3.1	(2.2)	(4.2)

The core operational variance to plan is a surplus of £(4.2)m, with the main drivers being:

- **Chief Operating Officer Management** pay underspend driven by administration and clerical vacancies within Clinical Care Group Management.
- **Community and Integrated Medicine** Continuing Healthcare packages, incontinence products, and prior year patient flow invoice offset by continued pay vacancies.
- **Mental Health and Learning Disabilities** Continuing Healthcare packages, purchase of Psychiatric Intensive Care Unit beds offset by continued pay vacancies.
- **Operational Allied Health** HEIW, Occupational Therapy, Bowel and Breast Screening and Renal Testing income overachievement.
- **Planned and Specialist Care** Medical Additional Duty Hours shifts within Anaesthetics, Endoscopy, and Urology, Theatre consumables expenditure due to increased activity, offset by Oncology drugs underspend, and Bowel Screening and Wet age-related macular degeneration income overachievement.
- **Primary Care** Dental contracts handed back to the Health Board offset by under-delivery of patient income.
- **Executive Functions** maintenance price increase on external suppliers' contracts, software licences fees, energy price increase, laundry service cost pressure and Swansea Bay Long Term Agreement Emergency activity, offset by continuation of vacancies across various areas.

In-Month: Financial Position Summary



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Headline	Reported Position	Savings Identification Gap	Savings Delivery Gap	Core Operational Variation
	<p>£2.0m ●</p> <p>Annual Plan = £2.5m Prior Month Forecast = £2.2m</p>	<p>£(0.3)m ●</p> <p>Savings Target = £3.9m Total Identified = £4.2m</p>	<p>£0.3m ●</p> <p>Savings Delivery = £3.9m Prior Month Delivery = £4.4m</p>	<p>£(0.5)m ●</p> <p>Prior Month Variation = £0.0m</p>
Pay	<p>Total Pay</p> <p>£57.1m ●</p> <p>Prior Month Actual = £63.6m Prior Month Forecast = £56.2m</p>	<p>Substantive</p> <p>£51.8m ●</p> <p>Prior Month Actual = 57.8m Prior Month Forecast = £51.0m</p>	<p>Variable</p> <p>£4.5m ●</p> <p>Prior Month Actual = £4.9m Prior Month Forecast = £4.5m</p>	<p>Agency (Premium)</p> <p>£0.8m ●</p> <p>Prior Month Actual = £0.9m Prior Month Forecast = £0.7m</p>
Non-Pay	<p>Primary Care Drugs</p> <p>£7.0m ●</p> <p>Plan = £7.0m Prior Month Actual = £7.3m</p>	<p>Secondary Care Drugs</p> <p>£5.0m ●</p> <p>Plan = £5.6m Prior Month Actual = £5.5m</p>	<p>Continuing Healthcare</p> <p>£5.9m ●</p> <p>Plan = £5.5m Prior Month Actual = £5.8m</p>	<p>Clinical Services & Supplies</p> <p>£3.8m ●</p> <p>Plan = £4.1m Prior Month Actual = £3.2m</p>

Key Drivers

The Month 6 financial position is a **deficit of £2.0m**, which is an improvement of £0.5m against the in-month **Deficit Plan of £2.5m**. The **core operational variance to plan is £(0.5)m**, with the in-month **savings target of £3.9m being over-identified by £(0.3)m**, but the £4.2m savings identified being **underdelivered by £0.3m**.
Pay expenditure has reduced from prior month in Month 6 due to year-to-date backpay for Medical and Dental and Agenda for Change Pay Award paid from Month 1 in Month 5.

In-Month: Key Drivers vs Plan



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Spend Category	£'m	Supporting Information
Planned Deficit	2.5	As per Annual Plan submission to Welsh Government
Savings Identification Gap / (Surplus)	(0.3)	In-month identification of £4.2m against the in-month target of £3.9m, of which includes non-recurrent underspend conversions £1.1m along with a year-to-date recurrent Oncology drugs price in-month savings scheme for £0.6m.
Income	(0.1)	Income overachievement relating to Operational Allied Health HEIW, Dietetics, Physiotherapy and Occupational Therapy Income. Children and Women Local Authority and HEIW income overachievement.
Clinical Services and Supplies	(0.3)	Pathology reduction in managed service contract costs, and delay in starting the MRI Recovery and general reductions in x-ray purchases within Radiology.
Commissioned Healthcare Services	0.3	Continued spend on Continuing Healthcare packages within Community and Mental Health including a backdated package to July, offset by Swansea Bay Long Term Agreement reduction in emergency activity.
Drugs and Prescribing	(0.5)	Oncology and Ophthalmology drugs underspend driven by lower usage and drug costs being 11% below prior year cost.
Other Non-Pay	0.4	Increased non-pay costs relating to contract changes in Dental and continued Theatre insourcing expenditure. Welsh Risk Pool pressure in-month due to increase top slice contribution following the update from NWSSP.
Administration and Estates	(0.5)	Continued Administration & Clerical vacancies across operational areas where savings schemes have yet to be fully identified, thus recruitment is re-prioritised through the Financial Control Sub-Group.
Allied Health, Scientists and Other	0.1	Over-established of posts within Radiology & Pathology.
Medical and Dental	0.6	Ongoing Medical and Dental pressures across Scheduled Care and Mental Health due to premium costs in addition to cover for ongoing vacancies, including retrospective claims within Anaesthetics in-month.
Nursing, Midwifery and Clinical Support	(0.2)	Ongoing nursing vacancies across most Clinical Care Groups but mainly Community and Integrated Services, Mental Health and Planned Care.
Reported Position	2.0	

In-Month: Key Performance Breakdown



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Clinical Care Group (£'m)	Savings Gap to Target	Savings Delivery vs Plan Benefits	Core Operational Variation	Total Savings and Core Performance
Planned Deficit				2.5
Chief Operating Officer Management	0.0	0.0	(0.1)	(0.1)
Community and Integrated Medicine	0.3	0.0	0.2	0.5
Mental Health and Learning Disabilities	(0.1)	0.0	0.3	0.2
Operational Allied Health and Health Sciences	0.3	0.0	(0.4)	(0.1)
Planned and Specialist Care	(0.2)	0.3	(0.3)	(0.2)
Primary Care, Community Strategy and Long Term Care	0.0	0.0	(0.1)	(0.1)
Executive Functions	(0.6)	0.0	(0.1)	(0.7)
Sub Total	(0.3)	0.3	(0.5)	(0.5)
Reported Position				2.0

In-Month: Key Performance Movement



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	Prior Month				Current Month				Movement			
Clinical Care Group (£'m)	Savings Gap to Target	Savings Delivery vs Plan Benefits	Core Operational Variation	Total Position	Savings Gap to Target	Savings Delivery vs Plan Benefits	Core Operational Variation	Total Position	Savings Gap to Target Movement	Savings Delivery vs Plan Benefits Movement	Core Operational Variation Movement	Total Movement
Planned Deficit	2.5				2.5				0.0			
Chief Operating Officer Management	0.0	0.0	0.1	0.1	0.0	0.0	(0.1)	(0.1)	0.0	0.0	(0.2)	(0.2)
Community and Integrated Medicine	0.2	0.0	0.2	0.4	0.3	0.0	0.2	0.5	0.1	0.0	0.0	0.1
Mental Health and Learning Disabilities	0.1	0.0	0.2	0.3	(0.1)	0.0	0.3	0.2	(0.2)	0.0	0.1	(0.1)
Operational Allied Health & Health Sciences	0.3	0.0	(0.1)	0.2	0.3	0.0	(0.4)	(0.1)	0.0	0.0	(0.3)	(0.3)
Planned and Specialist Care	0.2	0.0	(0.7)	(0.5)	(0.2)	0.3	(0.3)	(0.2)	(0.4)	0.3	0.4	0.3
Primary Care, Community Strategy & LTC	(0.1)	0.0	0.0	(0.1)	0.0	0.0	(0.1)	(0.1)	0.1	0.0	(0.1)	0.0
Executive Functions	(1.2)	0.0	0.3	(0.9)	(0.6)	0.0	(0.1)	(0.7)	0.6	0.0	(0.4)	0.2
Sub Total	(0.5)	0.0	0.0	(0.5)	(0.3)	0.3	(0.5)	(0.5)	0.2	0.3	(0.5)	0.0
Gross Position				2.0				2.0				0.0

In-Month: Savings



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Savings

Savings Target

£3.9m

Recurrent = £1.6m
Non-Recurrent = £2.3m

Savings Identification

£4.2m

108% of Savings Target

Savings Delivery

£3.9m

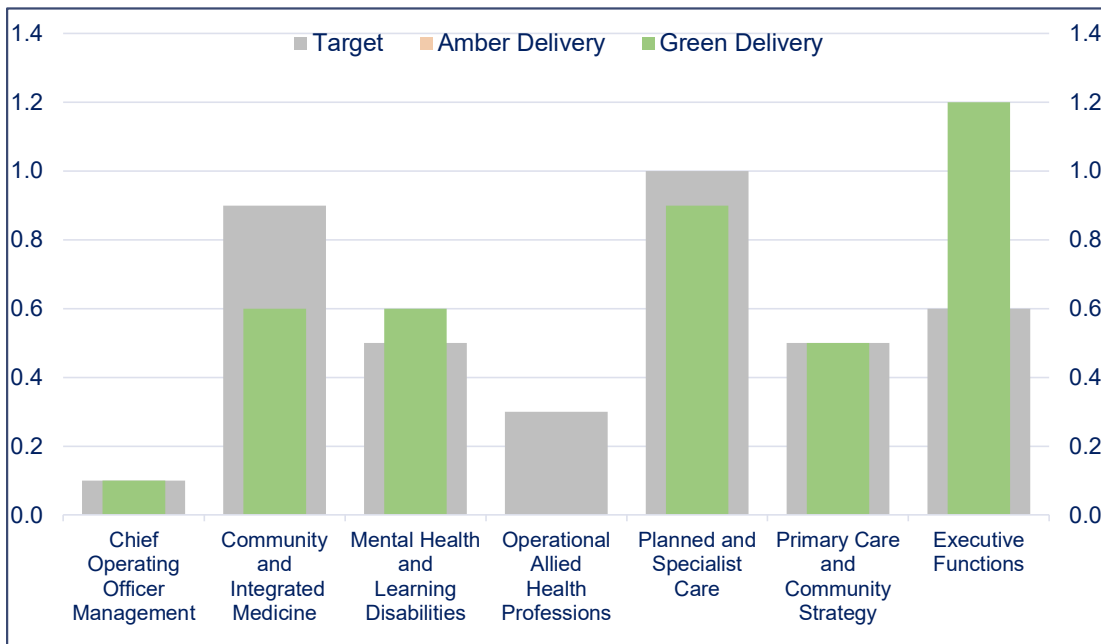
Recurrent = £1.8m
Non-Recurrent = £2.1m

Delivery Gap to Target

£0.0m

Savings delivered on Target

Savings Delivery vs Target (£'m)



Savings Performance Breakdown (£'m)

Clinical Care Group	Target	Plan	Delivery	Gap
Chief Operating Officer Management	0.1	0.1	0.1	0.0
Community and Integrated Medicine	0.9	0.6	0.6	0.3
Mental Health and Learning Disabilities	0.5	0.6	0.6	(0.1)
Operational Allied Health and Health Sciences	0.3	0.0	0.0	0.3
Planned and Specialist Care	1.0	1.2	0.9	0.1
Primary Care and Community Strategy	0.5	0.5	0.5	0.0
Executive Functions	0.6	1.2	1.2	(0.6)
Grand Total	3.9	4.2	3.9	0.0

Savings Delivery vs Prior Month Forecasts



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Savings Target

£3.9m

Recurrent = £1.6m
Non-Recurrent = £2.3m

Savings Delivery

£3.9m

Recurrent = £1.8m
Non-Recurrent = £2.1m

Prior Month Forecast

£3.0m

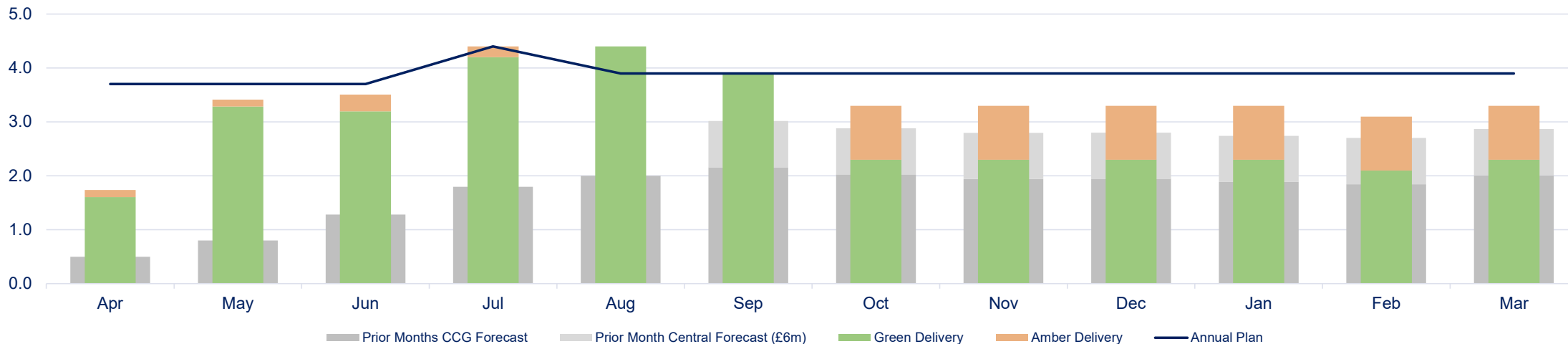
Recurrent = £1.0m
Non-Recurrent = £2.0m

Deviation to Forecast

£(0.9)m

Recurrent = £(0.8)m
Non-Recurrent = £(0.1)m

Monthly Profiled Risk-Assessed In-Year Savings Delivery (£'m)



Compared to the **prior month forecast of £3.0m savings delivery** for Month 6, **savings delivery has improved** by a further **£(0.9)m** in-month, with **£(1.2)m additional savings schemes identified** in-month, offset by **£0.3m under delivery** of a Planned and Specialist Care Variable Pay savings scheme. In-month identification of savings include a further **£(0.3)m underspends** identified above the £0.9m Amber schemes included in the prior month forecast, **£(0.6)m Oncology Drugs Savings**, **£(0.1)m Ophthalmology Drugs saving**, **£(0.1)m Continuing Healthcare Saving** within Mental Health and a further **£(0.1)m across various schemes**.

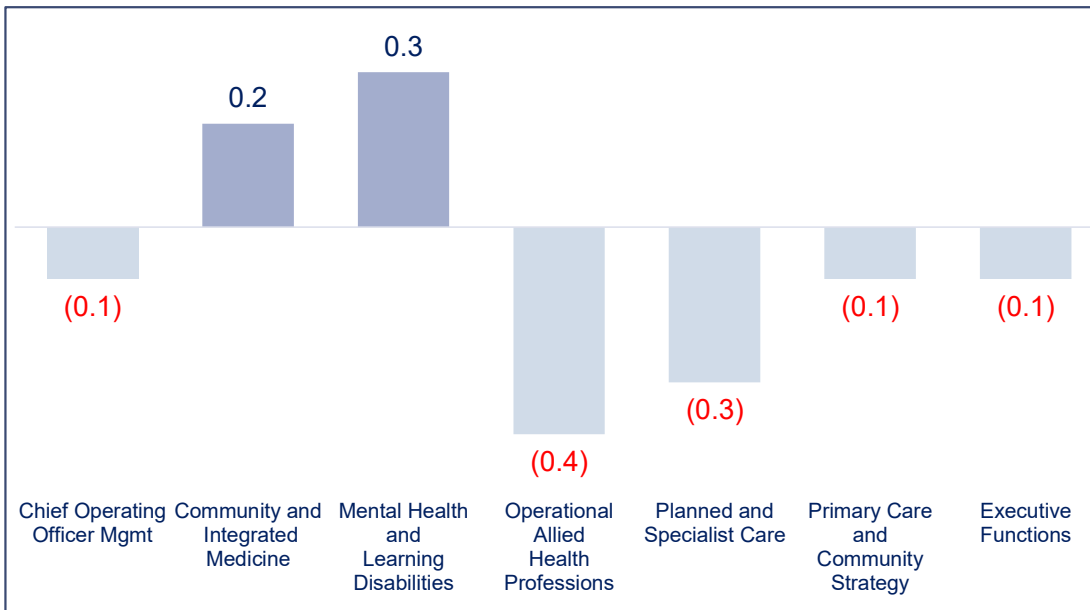
In-Month: Core Operational Variation



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Core Operational Variation (£'m)



Core Operational Variation (£'m)

Clinical Care Group	Pay	Non-Pay	Income	Total
Chief Operating Officer Management	0.0	(0.1)	0.0	(0.1)
Community and Integrated Medicine	(0.2)	0.4	0.0	0.2
Mental Health and Learning Disabilities	0.0	0.3	0.0	0.3
Operational Allied Health and Health Sciences	0.1	(0.4)	(0.1)	(0.4)
Planned and Specialist Care	0.0	(0.2)	(0.1)	(0.3)
Primary Care, Community Strategy and LTC	(0.1)	(0.2)	0.2	(0.1)
Executive Functions	(0.1)	0.1	(0.1)	(0.1)
Total	(0.3)	(0.1)	(0.1)	(0.5)

The total core operational variance to plan is £(0.5)m, main drivers being:

- **Community and Integrated Medicine** Continuing Healthcare packages offset by vacancies within pay.
- **Mental Health** High cost and backdated Continuing Healthcare package, and independent sector Psychiatric Intensive Care Unit beds.
- **Operational Allied Health** Reduction in Pathology managed service contract costs, and delay in starting the Radiology MRI Recovery and general reductions in x-ray purchases.
- **Planned and Specialist Care** Reduction in Oncology and Ophthalmology drugs spend.
- **Primary Care** Dental contracts handed back to the Health Board offset by under-delivery of patient income.

Year to Date: Financial Position Summary



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Headline	<p>Reported Position</p> <p>£15.8m ●</p> <p>Annual Plan = £15.0m</p>	<p>Savings Identification Gap</p> <p>£1.6m ●</p> <p>Savings Target = £23.2m Total Identified = £21.6m</p>	<p>Savings Delivery Gap</p> <p>£0.3m ●</p> <p>Savings Delivery = £21.3m Prior Month Delivery = £17.4m</p>	<p>Core Operational Variation</p> <p>£(1.1)m ●</p> <p>Prior Month Variation = £(0.7)m</p>
Pay	<p>Total Pay</p> <p>£340.1m ●</p> <p>Plan = £340.6m</p>	<p>Substantive</p> <p>£309.2m ●</p> <p>Plan = £329.0m</p>	<p>Variable</p> <p>£26.5m ●</p> <p>Plan = £9.6m</p>	<p>Agency (Premium)</p> <p>£4.4m ●</p> <p>Plan = £2.0m</p>
Non-Pay	<p>Primary Care Drugs</p> <p>£42.6m ●</p> <p>Plan = £42.4m</p>	<p>Secondary Care Drugs</p> <p>£33.9m ●</p> <p>Plan = £36.6m</p>	<p>Continuing Healthcare</p> <p>£33.2m ●</p> <p>Plan = £32.1m</p>	<p>Clinical Services & Supplies</p> <p>£24.6m ●</p> <p>Plan = £24.0m</p>

Key Drivers

The Month 6 year to date financial position is a **deficit of £15.8m**, which is a worsening against the year to date **Deficit Plan of £15.0m**. The **core operational variance to plan is £(1.1)m**, with the year to date **savings target** of £23.2m being **under-identified by £1.6m** with a further **£0.3m savings delivery gap** due to under-delivery of identified savings schemes.

Year to Date: Key Drivers vs Plan



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Spend Category	£'m	Supporting Information
Planned Deficit	15.0	As per revised annual plan submission to Welsh Government
Savings Identification Gap / (Surplus)	1.6	Savings identified of £21.6m against £23.2m savings target
Income	(1.0)	Income overachievement relating to Secondment income, Health Education Improvement Wales, Flying Start, Velindre Drug Rebates, Bowel and Breast Screening, Renal Testing and Wet age-related macular degeneration.
Clinical Services and Supplies	0.6	Increases to theatre consumables due to increased Orthopaedic and operating theatres activity, increase in incontinence products in Carmarthenshire, offset by Pathology reduction in managed service contract costs, and delay in starting the MRI Recovery and general reductions in x-ray purchases within Radiology.
Commissioned Healthcare Services	0.1	Planned Care Insourcing activity, Swansea Bay LTA Emergency activity, Psychiatric Intensive Care beds and Continuing Health Care packages within Mental Health and Community, offset by Dental contracts underspend.
Drugs and Prescribing	(2.4)	Oncology drugs underspend due to price increases being lower than planned, and NICE treatments increases expected later in the year.
Other Non-Pay	2.3	Maintenance price increase on external suppliers' contracts, energy price increase and laundry service cost pressure. Increased premises and rental costs, payment of prior year Patient Flow invoice relating to Pembrokeshire County, and increased Nursing Legal Services costs.
Administration and Estates	(1.8)	Continuation of vacancies, where savings have yet to be fully identified, thus recruitment is re-prioritised through Financial Control Sub Group. Mainly within Estates and Facilities and Community and Integrated Medicine.
Allied Health, Scientists and Other	(0.1)	Allied Health vacancies within Mental Health and Learning Disabilities and Planned and Specialist Care offset by over-establishment within Operational Allied Health.
Medical and Dental	2.4	Premium costs to cover vacancies within Mental Health, Primary Care, Community and Integrated Medicine and Women and Children, and double cover of Medical Rotas due to sickness, absences and retrospective claims.
Nursing, Midwifery and Clinical Support	(0.9)	Nursing vacancies mainly within Theatre Services in Planned and Specialist Care, and Pembrokeshire and Ceredigion within Community and Integrated Medicine.
Reported Position	15.8	

Year to Date: Key Performance Breakdown



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Clinical Care Group (£'m)	Savings Gap to Target	Savings Delivery vs Plan Benefits	Core Operational Variation	Total Savings and Core Performance
Planned Deficit				15.0
Chief Operating Officer Management	(0.2)	0.0	(0.2)	(0.4)
Community and Integrated Medicine	2.4	0.0	0.2	2.6
Mental Health and Learning Disabilities	(0.1)	0.0	1.1	1.0
Operational Allied Health and Health Sciences	1.7	0.0	(0.2)	1.5
Planned and Specialist Care	1.6	0.3	(1.8)	0.1
Primary Care, Community Strategy and Long Term Care	0.5	0.0	(0.9)	(0.4)
Executive Functions	(4.3)	0.0	0.7	(3.6)
Sub Total	1.6	0.3	(1.1)	0.8
Reported Position				15.8

Year to Date: Savings



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Savings

Savings Target

£23.2m

Annual Plan = £46.4m

Savings Identification

£21.6m

93% of Savings Target

Savings Delivery

£21.3m

Recurrent = £6.6m
Non-Recurrent = £14.7m

Delivery Gap to Target

£1.9m

7% of Savings Target

Savings Delivery vs Target (£'m)



Savings Performance Breakdown (£'m)

Clinical Care Group	Target	Plan	Delivery	Gap
Chief Operating Officer Management	0.4	0.6	0.6	(0.2)
Community and Integrated Medicine	5.2	2.8	2.8	2.4
Mental Health and Learning Disabilities	2.9	3.0	3.0	(0.1)
Operational Allied Health and Health Sciences	1.9	0.2	0.2	1.7
Planned and Specialist Care	5.8	4.2	3.9	1.9
Primary Care, Community Strategy and LTC	3.3	2.8	2.8	0.5
Executive Functions	3.7	8.0	8.0	(4.3)
Grand Total	23.2	21.6	21.3	1.9

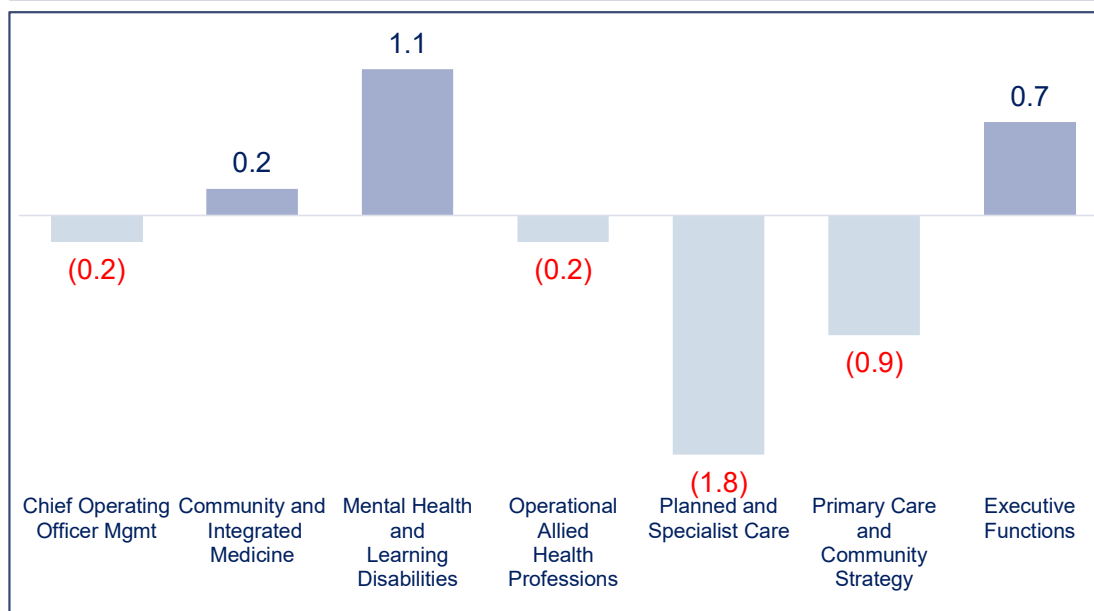
Year to Date: Core Operational Variation



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Core Operational Variation (£'m)



Core Operational Variation (£'m)

Clinical Care Group	Pay	Non-Pay	Income	Total
Chief Operating Officer Management	(0.1)	(0.1)	0.0	(0.2)
Community and Integrated Medicine	(0.5)	0.8	(0.1)	0.2
Mental Health and Learning Disabilities	0.0	1.1	0.0	1.1
Operational Allied Health and Health Sciences	0.4	(0.2)	(0.4)	(0.2)
Planned and Specialist Care	0.0	(1.2)	(0.6)	(1.8)
Primary Care, Community Strategy and LTC	0.2	(1.5)	0.4	(0.9)
Executive Functions	(0.7)	1.7	(0.3)	0.7
Total	(0.7)	0.6	(1.0)	(1.1)

The core operational variance to plan is £(1.1)m, main drivers being:

- **Community and Integrated Medicine** Continuing Healthcare packages, incontinence products, and prior year patient flow invoice offset by continued pay vacancies.
- **Mental Health** High cost and backdated Continuing Healthcare packages and independent sector Psychiatric Intensive Care Unit beds.
- **Planned and Specialist Care** Oncology & Ophthalmology drugs underspend due to growth increases lower than planned, with increases due later in the year. Overachievement of income in relation to Flying Start and Bowel and Breast Screening.
- **Primary Care** Continued Dental underspends due to contracts handed back to the Health Board offset by under-delivery of patient income.
- **Executive Functions** Increase in Emergency activity relating to Swansea Bay Long Term Agreements, offset by continued pay vacancies.

Capital Performance



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Capital

Total Capital Performance

£35.9m

Annual Plan = £35.1m



All Wales Capital

£27.9m

Annual Plan = £27.9m



Discretionary Capital

£7.7m

Annual Plan = £6.9m



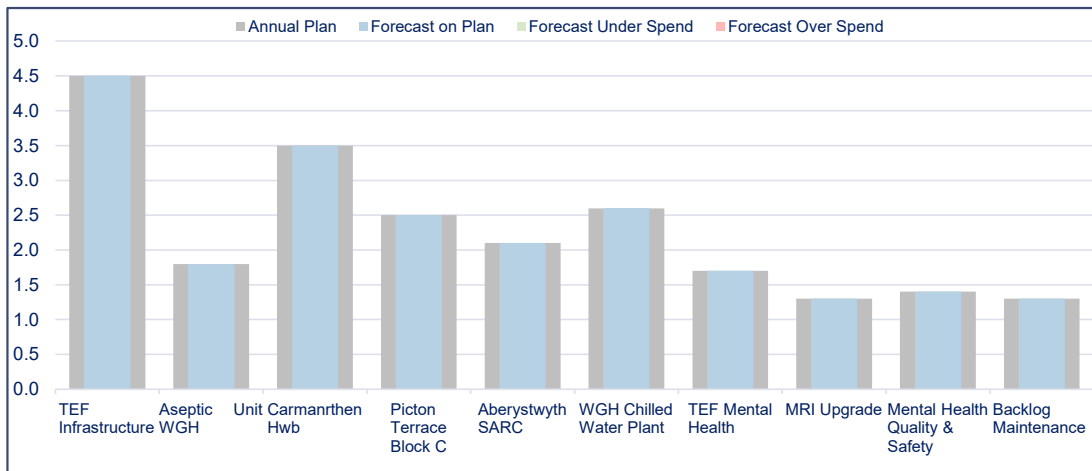
IFRS 16

£0.3m

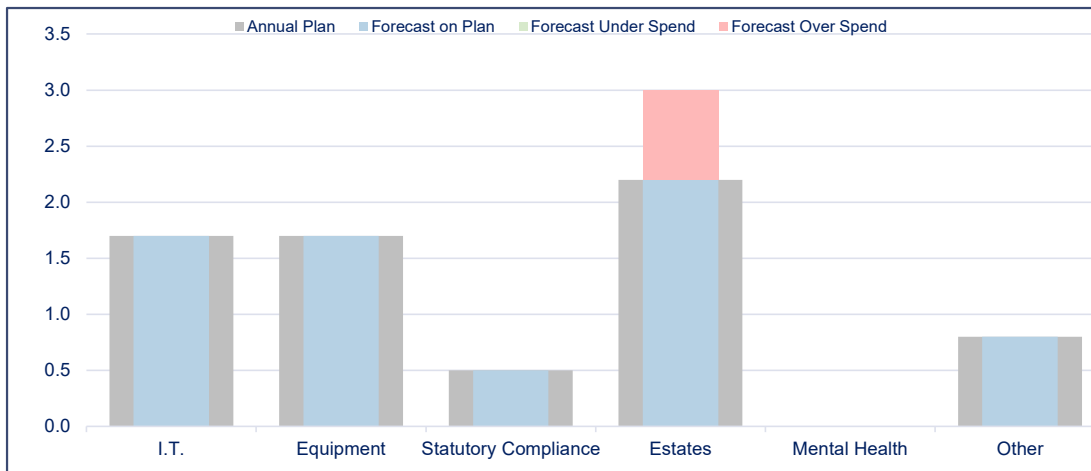
Capital Resource Limit = £0.3m



All Wales Capital Programme Top 10 Schemes (£'m)



Discretionary Capital Programme Category Summary (£'m)



Delivery against the capital programme is **currently medium risk**.

The Health Board were anticipating capital funding towards the urgent Concrete cladding remedial works at Withybush Hospital (£0.85m) and have over-committed its Discretionary Capital Programme to fund these works. Correspondence received indicates that a decision will not be received until at least November, therefore the Health Board will need to review its Discretionary Capital Programme to assess what schemes will need to be paused. The uncertainty behind this means that it is becoming increasingly difficult for the Health Board to manage its capital programme effectively.



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Financial Position Detailed Breakdown

Trend Analysis: Non-Pay

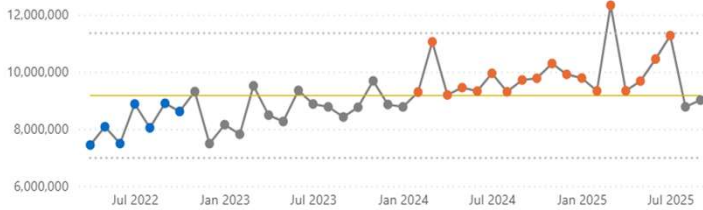
Continuing Healthcare Expenditure (£)



Secondary Care Drugs Expenditure (£)



Clinical Services and Supplies (£)



Primary Care Prescribing Expenditure (£)



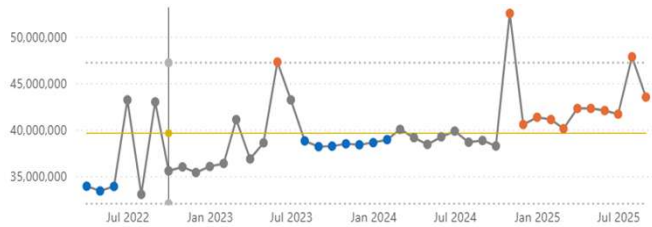
Key Information

Continuing Healthcare Expenditure – Increase in Continuing Healthcare expenditure in-year relating to new high-cost packages within Mental Health and Community and Integrated Medicine. £0.1m increase in-month relates to a backdated package within Mental Health. The current month expenditure is now breaching upper control limits of the SPC.

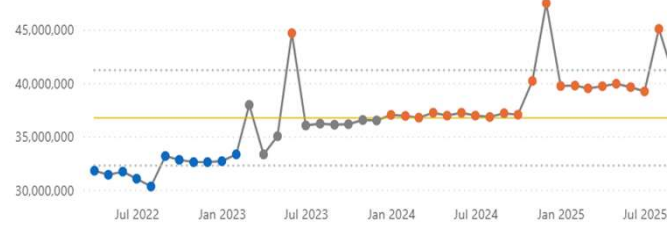
Secondary Care Drugs Expenditure – Reduction in expenditure from prior month of £0.4m relating to Oncology drugs seeing delayed presentation of new NICE funded drugs and cost per patient decreased by 15.2% from prior year.

Trend Analysis: Pay – Agenda for Change

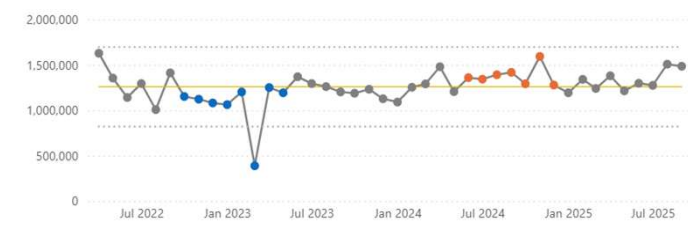
Total (£)



Substantive (£)



Bank (£)



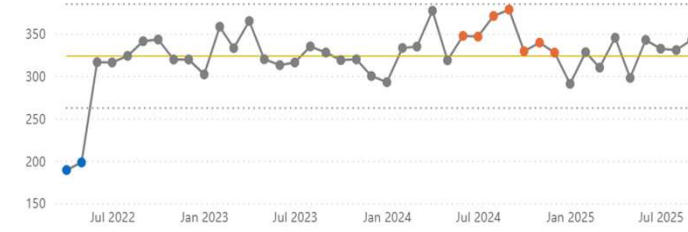
Total (WTE)



Substantive (WTE)



Bank (WTE)



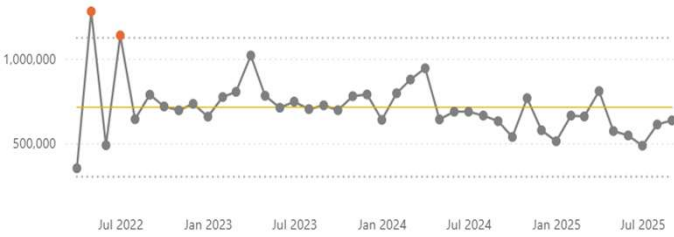
Key Information

Substantive – Substantive Pay spend has reduced from prior month due to the backpay of Agenda for Change pay award being paid in Month 5. Pay spend has increased by circa £1.5m from Month 4 driven by increased Whole Time Equivalents (WTE) and the 2025/26 pay award uplift.

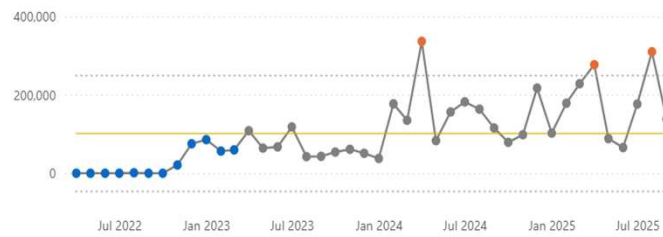
Bank – Despite Bank WTE increasing slightly by 12 WTE in-month, the expenditure has been offset with a reduction from prior month due to the backpay of Agenda for Change pay award being paid in Month 5.

Trend Analysis: Pay – Agenda for Change

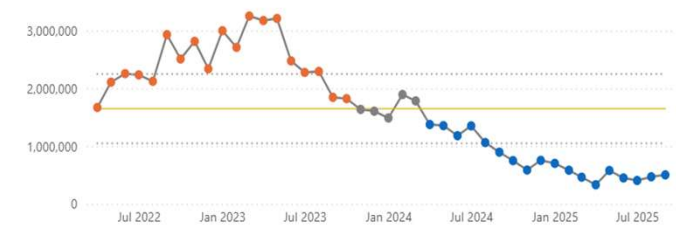
Overtime (£)



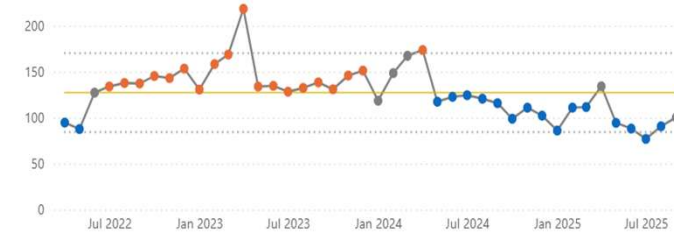
WLI (£)



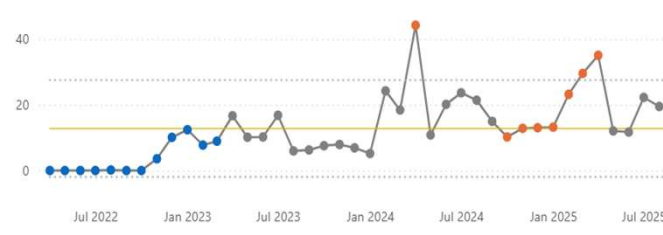
Agency (£)



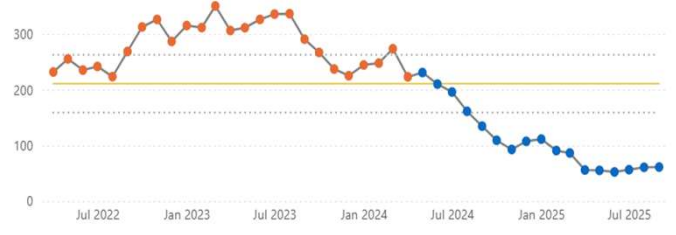
Overtime (WTE)



WLI (WTE)



Agency (WTE)



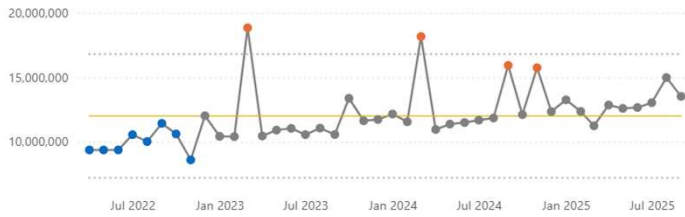
Key Information

Agency – Agency Spend has seen a reduction of circa £0.2m per month, from £0.7m in January 2025 to £0.5m in September 2025.

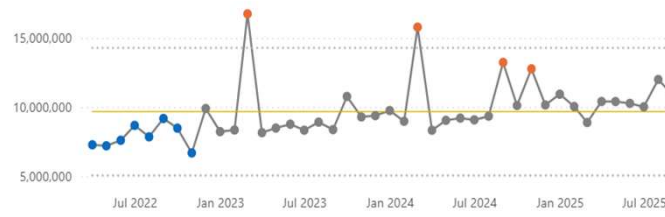
Waiting List Initiative – Expenditure has reduced from prior month due to the backpay of Agenda for Change pay award being paid in Month 5.

Trend Analysis: Pay – Medical and Dental

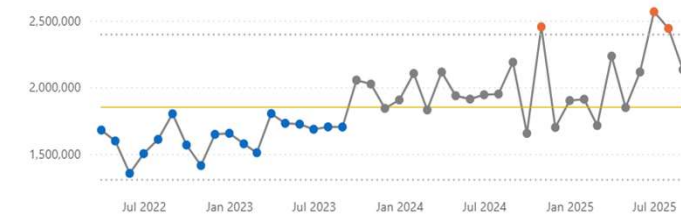
Total (£)



Substantive (£)



Additional Hours (£)



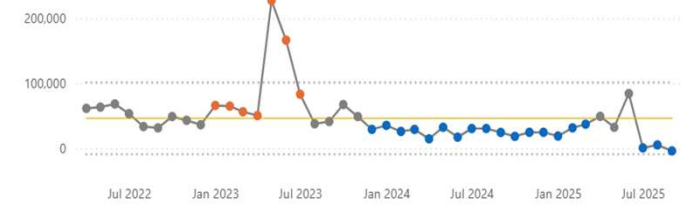
WLI (£)



On Contract Agency Premium (£)



Off Contract Agency Premium (£)



Key Information

Total Pay – Medical and Dental expenditure will have reduced slightly from prior month due to the backpay of Medical and Dental pay award paid in Month 5.

Additional Hours – Additional Hours Spend has reduced by £0.3m compared to prior month.

Establishment Reports: Nursing and Healthcare Support Worker Ward Staffing



	Ward Staffing Level (WTE) for Nursing and Health Care Support Workers (HCSW)						
	Total Fill Rate	Total WTE	Substantive WTE	Substantive WTE Vacancy	Variable WTE	Agency (Premium) WTE	Total Over/(Under) Staffed
Chief Operating Officer	100.7%	2,611	2,282	(311)	277	51	17
Community and Integrated Medicine	102.2%	1,883	1,637	(206)	201	46	41
Carmarthenshire Integrated System	101.9%	1,122	981	(120)	124	17	21
Ceredigion Integrated System	106.9%	326	268	(37)	40	18	21
Pembrokeshire Integrated System	99.7%	435	388	(48)	37	10	(1)
Mental Health and Learning Disabilities	104.0%	286	231	(43)	54	0	11
Mental Health and Learning Disabilities	104.0%	286	231	(43)	54	0	11
Planned and Specialist Care	92.7%	442	415	(63)	23	5	(35)
Cancer and Scheduled Care	88.6%	153	139	(34)	9	5	(20)
Children, Women and Family Health	95.0%	289	276	(29)	14		(15)
Grand Total	100.7%	2,611	2,282	(311)	277	51	17

Establishment Reports: Non-Ward Staffing, excluding Medical

	All Other Staffing Levels (WTE) Excluding Medical and Ward Nursing & HCSWs						
	Total Fill Rate	Total WTE	Substantive WTE	Substantive WTE Vacancy	Variable WTE	Agency (Premium) WTE	Total Over/(Under) Staffed
Chief Executive	93.1%	90	90	(7)	-	-	(7)
Chief Operating Officer	93.5%	5,490	5,367	(507)	113	10	(384)
Chief Operating Officer Management	84.0%	214	213	(41)	0	-	(41)
Community and Integrated Medicine	98.6%	1,324	1,287	(56)	34	3	(19)
Mental Health and Learning Disabilities	89.0%	916	901	(128)	15	-	(113)
Operational Allied Health and Health Sciences	96.4%	1,103	1,081	(63)	22	-	(41)
Planned and Specialist Care	93.3%	1,420	1,373	(148)	39	7	(101)
Primary Care, Community Strategy and Long Term Care	88.3%	514	512	(71)	2	-	(68)
Executive Director of Allied Health Professions and Health Sciences	97.4%	901	834	(91)	66	-	(24)
Estates and Facilities	97.4%	898	831	(90)	66	-	(24)
Executive Allied Health Professions and Health Sciences	81.5%	3	3	(1)	-	-	(1)
Executive Director of Finance	90.9%	308	303	(35)	4	-	(31)
Digital	91.4%	214	210	(25)	4	-	(20)
Finance	89.7%	93	93	(11)	-	-	(11)
Executive Director of Nursing, Quality and Patient Experience	88.8%	172	170	(23)	1	-	(22)
Executive Director of Public Health	88.1%	143	143	(19)	0	-	(19)
Executive Director of Strategy and Planning	93.9%	34	34	(2)	-	-	(2)
Executive Director of Workforce and Organisational Development	75.3%	231	231	(76)	-	-	(76)
Executive Medical Director	87.4%	103	103	(15)	-	-	(15)
Grand Total	92.8%	7,471	7,276	(776)	185	10	(580)

In-Month: Revenue Position Variance to Budget (£'k)

	Pay				Non Pay				Income	Grand Total
	Administration and Estates	Allied Health, Scientists and Other	Medical and Dental	Nursing, Midwifery and Clinical Support	Clinical Services and Supplies	Commissioned Healthcare Services	Drugs and Prescribing	Other Non-Pay	Income	
Chief Executive	(0)					(1)		(11)	(2)	(15)
Chief Operating Officer	(289)	12	631	(141)	(271)	339	(454)	129	(53)	(98)
Chief Operating Officer Management	(22)	(1)	4	2	(12)	(5)		(36)	(4)	(75)
Community and Integrated Medicine	(161)	32	23	(76)	14	328	41	(19)	8	191
Mental Health and Learning Disabilities	(2)	(65)	90	(45)	7	317	(41)	(5)	(2)	255
Operational Allied Health and Health Sciences	1	64	14	61	(393)	(74)	2	9	(94)	(409)
Planned and Specialist Care	(27)	(14)	467	(63)	271	(68)	(484)	62	(130)	14
Primary Care, Community Strategy and Long Term Care	(77)	(4)	32	(21)	(158)	(158)	27	117	169	(73)
Executive Director of Allied Health Professions and Health Sciences	(17)	(14)		(4)	2	(0)	1	36	3	5
Estates and Facilities	(30)			(4)	2		1	35	3	6
Executive Allied Health Professions and Health Sciences	13	(14)				(0)		0		(1)
Executive Director of Finance	(82)	49	(1)	11		(48)	0	(143)	(20)	(235)
Digital	(31)	(3)	(1)	11		(36)		(153)	(20)	(234)
Finance	(51)	51				(11)	0	10	0	(1)
Executive Director of Nursing, Quality and Patient Experience	(33)	(7)	0	13	(0)	15		(2)	15	0
Executive Director of Public Health	(53)	13	(6)	(20)	(7)	0	62	(55)	(28)	(95)
Executive Director of Strategy and Planning	5	0	0			(106)	0	43	(8)	(66)
LTA's with other NHS Providers	4					(111)	0	(0)		(107)
Strategy and Planning	1	0	0			4		43	(8)	41
Executive Director of Workforce and Organisational Development	(0)	0	0	(0)	0	33	(3)	32	(32)	30
Executive Medical Director	(14)	(2)	18	(10)	2		(0)	(32)	(2)	(40)
Health Board Wide	28		(0)		(23)	16	(71)	405	(12)	342
Planned Deficit								2,500		2,500
Savings Identification								(301)		(301)
Grand Total	(456)	50	642	(151)	(298)	248	(466)	2,599	(138)	2,029

Year to Date: Revenue Position Variance to Budget (£'k)

	Pay				Non Pay				Income	Grand Total
	Administration and Estates	Allied Health, Scientists and Other	Medical and Dental	Nursing, Midwifery and Clinical Support	Clinical Services and Supplies	Commissioned Healthcare Services	Drugs and Prescribing	Other Non-Pay	Income	
Chief Executive	(5)				0	(8)		(6)	(1)	(20)
Chief Operating Officer	(1,030)	(123)	2,423	(1,037)	417	(805)	(2,752)	2,002	(698)	(1,604)
Chief Operating Officer Management	(118)	(10)	(5)	22	21	(17)		(114)	23	(199)
Community and Integrated Medicine	(614)	(42)	552	(347)	138	113	(162)	774	(164)	248
Mental Health and Learning Disabilities	(87)	(284)	533	(221)	4	1,290	(170)	(27)	17	1,056
Operational Allied Health and Health Sciences	22	333	(130)	144	(184)	(67)	(80)	111	(363)	(215)
Planned and Specialist Care	(50)	(120)	875	(432)	439	560	(2,561)	333	(589)	(1,545)
Primary Care, Community Strategy and Long Term Care	(183)	0	598	(204)	(1)	(2,683)	221	925	378	(948)
Executive Director of Allied Health Professions and Health Sciences	(267)	(87)	9	(16)	10	(0)	3	273	146	71
Estates and Facilities	(339)		9	(16)	10		3	273	146	85
Executive Allied Health Professions and Health Sciences	72	(87)				(0)		1		(14)
Executive Director of Finance	(169)	49	22	27	0	(338)	0	(272)	(127)	(808)
Digital	(89)	(2)	22	27	0	(271)		(277)	(127)	(718)
Finance	(80)	51				(67)	0	5	0	(90)
Executive Director of Nursing, Quality and Patient Experience	(254)	(43)	0	189	(1)	43		111	69	114
Executive Director of Public Health	(51)	87	(74)	(133)	(27)	(18)	(157)	216	(126)	(284)
Executive Director of Strategy and Planning	(31)	41	0			1,012	2	(9)	(51)	965
LTAs with other NHS Providers	19					1,012	2	(2)		1,031
Strategy and Planning	(50)	41	0			0		(7)	(51)	(66)
Executive Director of Workforce and Organisational Development	(89)	(7)	(0)	95	1	193	(12)	(184)	(187)	(189)
Executive Medical Director	(14)	6	56	(29)	6		(0)	(216)	16	(175)
Health Board Wide	16		(0)	(30)	200	56	419	406	(33)	1,034
Planned Deficit								15,000		15,000
Savings Identification								1,657		1,657
Grand Total	(1,895)	(76)	2,437	(935)	606	135	(2,497)	18,979	(992)	15,761

End of Year: Revenue Position Variance to Budget (£'k)

	Pay				Non Pay				Income	Grand Total
	Administration and Estates	Allied Health, Scientists and Other	Medical and Dental	Nursing, Midwifery and Clinical Support	Clinical Services and Supplies	Commissioned Healthcare Services	Drugs and Prescribing	Other Non-Pay	Income	
Chief Executive	(58)				0	(10)		22	(1)	(46)
Chief Operating Officer	(2,938)	(856)	4,540	(2,793)	1,209	488	(4,908)	3,171	(1,576)	(3,662)
Chief Operating Officer Management	(929)	7	128	175	77	(34)		(4)	(0)	(581)
Community and Integrated Medicine	(1,055)	10	364	(941)	390	865	(141)	1,257	(360)	388
Mental Health and Learning Disabilities	(366)	(657)	1,033	(1,343)	4	1,959	(184)	(27)	63	482
Operational Allied Health and Health Sciences	24	273	(145)	304	(31)	58	(339)	205	(803)	(453)
Planned and Specialist Care	(122)	(201)	2,093	(505)	1,057	2,429	(4,937)	661	(1,072)	(597)
Primary Care, Community Strategy and Long Term Care	(491)	(287)	1,066	(483)	(288)	(4,787)	693	1,080	597	(2,901)
Executive Director of Allied Health Professions and Health Sciences	(435)	(172)	15	(39)	19	(0)	6	1,052	(0)	445
Estates and Facilities	(586)		15	(39)	19		6	1,050	(0)	464
Executive Allied Health Professions and Health Sciences	151	(172)				(0)		2		(19)
Executive Director of Finance	(198)	(6)	(82)	(190)	0	(641)	1	563	2	(549)
Digital	43	(57)	(82)	(190)	0	(507)		431	1	(359)
Finance	(241)	51				(134)	1	132	1	(189)
Executive Director of Nursing, Quality and Patient Experience	(311)	(85)	0	151	(3)	186		399	107	444
Executive Director of Public Health	(372)	166	(113)	(255)	(54)	(36)	238	(87)	(217)	(729)
Executive Director of Strategy and Planning	(148)	41	1			1,666	2	(71)	(101)	1,389
LTAs with other NHS Providers	44					1,665	2	(5)		1,706
Strategy and Planning	(192)	41	1			0		(66)	(101)	(318)
Executive Director of Workforce and Organisational Development	(770)	(101)	(14)	201	3	65	(31)	(37)	(0)	(685)
Executive Medical Director	(80)	40	189	(99)	13		(0)	(352)	71	(219)
Health Board Wide	(1,165)		(0)	(30)	45	85	(29)	(1,994)	(470)	(3,557)
Planned Deficit								30,000		30,000
Savings Identification								4,970		4,970
Grand Total	(6,475)	(974)	4,537	(3,054)	1,232	1,804	(4,720)	37,635	(2,185)	27,800

End of Year: Savings Detail (£'k)

Delegated Officer (£'000)	Annual Savings Target	In-Year Identified Plans	In-Year Recurrent Delivery	In-Year Non Recurrent Delivery	In-Year Total Forecast Delivery	In-Year Forecast Shortfall	In-Year % Saving vs Budget	Recurrent Forecast Delivery	Recurrent Forecast Shortfall	Recurrent % Saving vs Budget
Chief Operating Officer	39,046	23,109	10,703	12,133	22,835	16,211	█ 3.0%	10,834	28,212	█ 1.4%
Chief Operating Officer Management	762	561	0	561	561	201	█ 4.4%	0	762	0.0%
Community and Integrated Medicine	10,483	5,533	2,842	2,691	5,533	4,949	█ 2.3%	2,922	7,560	█ 1.2%
Mental Health and Learning Disabilities	5,851	4,253	1,375	2,878	4,253	1,598	█ 4.1%	1,375	4,476	█ 1.3%
Operational Allied Health and Health Sciences	3,785	459	459	0	459	3,326	█ 0.6%	459	3,326	█ 0.6%
Planned and Specialist Care	11,638	8,162	3,561	4,327	7,888	3,750	█ 3.8%	3,596	8,042	█ 1.7%
Primary Care, Community Strategy and Long Term Care	6,529	4,142	2,466	1,676	4,142	2,387	█ 3.9%	2,482	4,046	█ 2.3%
Chief Executive	38	310	38	272	310	(272)	█ 9.2%	38	(0)	█ 1.1%
Chief Executive	38	310	38	272	310	(272)	█ 9.2%	38	(0)	█ 1.1%
Executive Director Of Allied Health Professions and Health Sciences	2,063	342	342	0	342	1,722	█ 0.7%	342	1,722	█ 0.7%
Estates and Facilities	2,053	342	342	0	342	1,712	█ 0.7%	342	1,712	█ 0.7%
Executive Allied Health Professions and Health Sciences	10	0	0	0	0	10	0.0%	0	10	0.0%
Executive Director Of Finance	377	1,260	468	792	1,260	(883)	█ 5.4%	501	(124)	█ 2.2%
Digital	271	894	384	510	894	(623)	█ 5.2%	417	(147)	█ 2.4%
Finance	106	367	84	283	367	(260)	█ 6.1%	84	22	█ 1.4%
Executive Director Of Nursing, Quality and Patient Experience	243	670	201	470	670	(427)	█ 7.2%	243	0	█ 2.6%
Nursing, Quality and Patient Experience	243	670	201	470	670	(427)	█ 7.2%	243	0	█ 2.6%
Executive Director Of Public Health	107	980	107	873	980	(873)	█ 14.9%	107	(0)	█ 1.6%
Public Health	107	980	107	873	980	(873)	█ 14.9%	107	(0)	█ 1.6%
Executive Director Of Strategy and Planning	1,902	1,629	518	1,111	1,629	273	█ 2.7%	518	1,384	█ 0.9%
LTA'S With Other NHS Providers	1,841	940	457	483	940	901	█ 1.7%	457	1,384	█ 0.8%
Strategy and Planning	61	689	61	628	689	(628)	█ 18.5%	61	(0)	█ 1.6%
Executive Director Of Workforce and Organisational Development	247	1,705	247	1,457	1,705	(1,458)	█ 11.2%	247	(1)	█ 1.6%
Workforce and Organisational Development	247	1,705	247	1,457	1,705	(1,458)	█ 11.2%	247	(1)	█ 1.6%
Executive Medical Director	74	74	74	0	74	(0)	█ 1.7%	74	(0)	█ 1.7%
Medical	74	74	74	0	74	(0)	█ 1.7%	74	(0)	█ 1.7%
Health Board Wide	2,303	11,352	1,371	9,981	11,352	(9,049)	█ 31.3%	1,485	819	█ 4.1%
Grand Total	46,400	41,430	14,068	27,089	41,157	5,244	█ 4.3%	14,389	32,012	█ 1.5%



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Annual Financial Plan – 2026/27
Approach, Principles and Assumptions
October 2025



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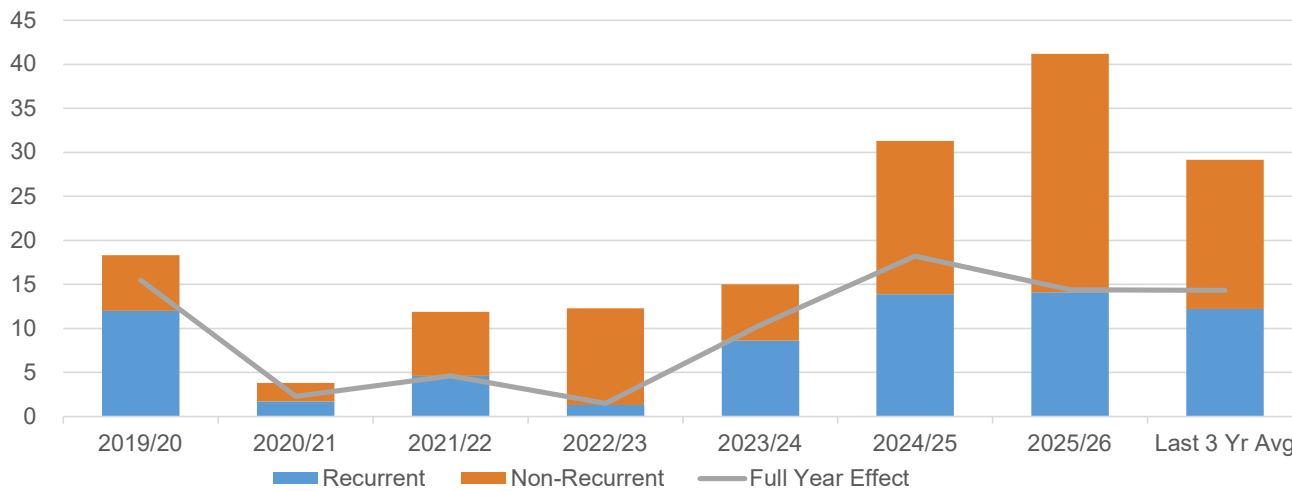
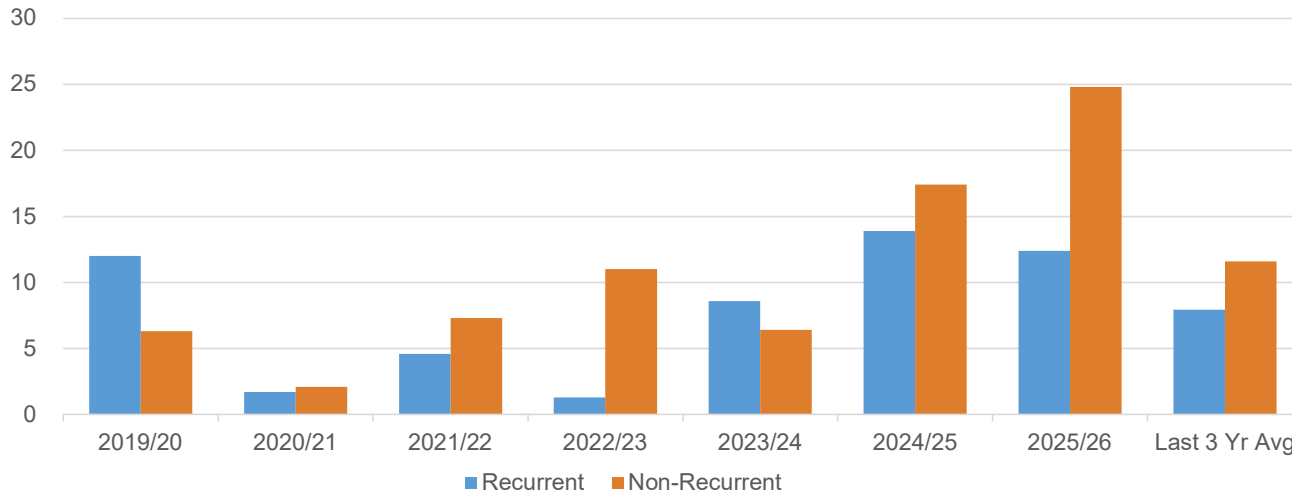
Background and Context

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 £24.1m 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
2024/25	31.5	31.5	24.1	(7.4)	After mid-year funding of £32.5m to reduce original £64.0m plan
2025/26	24.1	30.0	27.8	(2.2)	As at M6, and after the original plan was improved from £31.5m

Savings Deliverability Assessment (£'m)



- 2025/26 Savings are as at Month 6
- 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)

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 is summarised as follows:

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



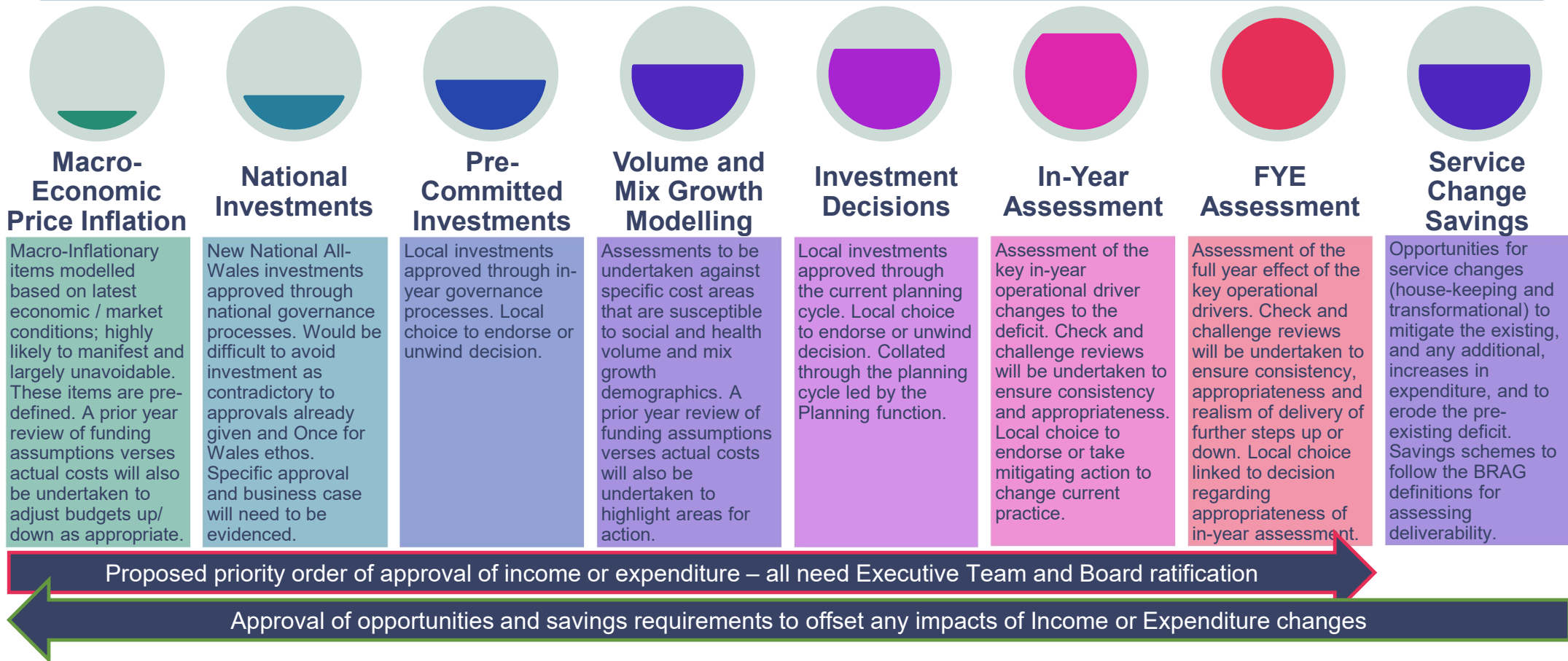
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Key Principles, Approach and Focus

Principle Components and Approach

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.



Key Principles

- **Budgets will be delegated** from the Accountable Officer (CEO) to **Delegated Officers** (Executive Directors);
- **Budgets** will be **aligned** to the **Clinical Care Group operational structure set up in 2025-26**;
- **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 Annual Plan submission;
- The **Opportunities Framework and Directorate 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 3 year break even position by March 2029. Year 1 being 2026/27.
- **Clinical Care Group/Exec function savings targets** will be the minimum of WG expectation (likely to be 2%) **plus** savings assessment as part of FY27 plan exercise. If there is a remaining recurrent savings gap from the 2025/26 £19.0m recurrent savings requirement, this will need to be added back into the FY27 Plan as an additional cost pressure/ additional savings requirement;
- **A decision will need to be made on material underspending directorates**, and removal of budgets or conversion to recurrent savings scheme.

Key Assumptions

- The Health Board will be submitting a **Three-Year Financial Plan**, including a breakeven position for 2027/28 and beyond;
- Following the work undertaken by the Finance team around a 3 year plan to break even, with the requirement to break even by 2027/28, the projection to achieve this **requires a planned financial deficit of c£14.m in 2026/27**. There will remain a reliance on some non-recurrent benefits, and from the work undertaken the underlying deficit is expected to be c£40.0m; for this to significantly reduce the organisation requires recurrent savings schemes **and** the removal of underspending budgets;
- Due to the Welsh Assembly elections confirmed for May 2026, the **Welsh Government budget allocation** is likely to be a roll over budget, funded for inflation with no new funding confirmed until after the election. This could result in a further mid-year budget allocation in 2026/27. The roll forward position will be confirmed at the beginning of December 2025 and the total **savings target will not be fully known until the receipt of this**, reliant on the modelled assessment of cost growth also;
- 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);
- Specified **volume and mix growth** components will **require a decision** to recognise, or expectation that services mitigate cost increases or realise savings opportunities;
- **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;
- **Local investments will only include statutory, mandated or high-risk** items, i.e., there will be no discretionary investments due to the unaffordable nature of the existing deficit unless they achieve in-year payback;
- **Savings targets** will be, **as a minimum, set at the nationally defined ring-fenced** budgeted requirements.

Key Focus Areas for Budget Setting

- **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.¹⁰



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Key Milestones

Key Milestone Deadlines for a 31st March submission

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 and growth modelling complete as a first draft	14/11/2025	Finance Team (various owners)
Directorate cost driver assessment completed	14/11/2025	Budget Holder, supported by Finance
Assessment of savings plans following 14 November Planning workshop	18/11/2025	Budget Holder, supported by Finance
First Draft – Executive Team review of Financial Plan before FPC (excluding WG core funding assumptions)	10/12/2025	Facilitated by Huw Thomas
First Draft – FPC review of Financial Plan	16/12/2025	Huw Thomas and Executive Leads
Welsh Government (WG) core funding uplift confirmed	23/12/2025	Welsh Government
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 key directorates. 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

Financial Assessments Required

- Macro-economic inflationary and growth modelling including those classed as Contractual / Unavoidable;
- National investments – approved through national governance arrangements;
- Local investments – approvals made in year through various governance forums;
- 2025/26 Savings – full year forecast update, with:
 - Full year effect savings plans being included within the new plan and budget;
 - Under-delivery against plans reviewed and accepted under-delivery will be added back into the new plan and budget;
- In-year and full year assessments – any items not featured in the specific items already listed will require an evidenced based explanation of the cost driver, which, if approved, would get included within the new plan and budget.

Financial management in government: reporting for decision-making



Good practice guidance September 2025

This guide aims to provide insights and good practice on how information can be reported to make better financial management decisions.

**We are the UK's independent
public spending watchdog**

Communications Team
DP Ref 016892

Insights

Our insights products provide valuable and practical insights on how public services can be improved. We draw these from our extensive work focused on the issues that are a priority for government, where we observe both innovations and recurring issues. Our good practice guides make it easier for others to understand and apply the lessons from our work.

We are the UK's independent public spending watchdog. We support Parliament in holding government to account and we help improve public services through our high-quality audits.

The National Audit Office (NAO) scrutinises public spending for Parliament and is independent of government and the civil service. We help Parliament hold government to account and we use our insights to help people who manage and govern public bodies improve public services. The Comptroller and Auditor General (C&AG), Gareth Davies, is an Officer of the House of Commons and leads the NAO. We audit the financial accounts of departments and other public bodies. We also examine and report on the value for money of how public money has been spent. In 2023, the NAO's work led to a positive financial impact through reduced costs, improved service delivery, or other benefits to citizens, of £1.59 billion. This represents around £17 for every pound of our net expenditure.

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Overview

Reporting for decision-making

Key takeaways

Understand the purpose of reporting

Set the standard for quality data

Modernise reporting systems and processes

Encourage positive behaviours

Overview



How to use our guidance

Our financial management good practice guides:

- set out why **finance teams** have a crucial role in helping their organisations navigate future challenges – from promoting accountability and realism, to providing trusted and timely information, and working across boundaries to deliver efficiencies and greater value;
- provide a number of actions across the entire financial management lifecycle that enable **senior finance leaders** to assess the health of their finance function at regular intervals; and
- can also be used by **Audit and Risk Assurance Committees** to assess how well organisations are equipped to deal with financial management challenges.

Our guides draw on the insights from the National Audit Office's (NAO's) back catalogue of work, the experiences of our audit teams, and the thoughts of a range of senior finance decision-makers across and beyond government.

Our actions and practical tips do not represent mandatory guidance. Our illustrative case studies are intended to be examples that showcase how organisations have developed approaches to overcome some of the challenges identified in this guide.

Our good practice guide series complements existing guidance provided to finance teams across government by the Government Finance Function through its [One Finance](#) platform. Particularly relevant for this guide is its [finance board pack reporting project](#) and the [NOVA functional reference model](#), which supports data standardisation across the finance, HR grants management and commercial functions in government.

Our good practice guides are primarily written for senior finance leaders within central government. However, the actions and practical tips in this guidance may also be useful for other areas of the public sector and beyond.



Why is financial management important to government organisations?

[The NAO's strategy](#) identifies better financial management and reporting in government as a central ambition. Strong financial management provides the foundation for government organisations to make informed decisions about budgeting and resource allocation, helping ensure that public services provide good value for money. Financial management is central to helping accounting officers exercise their responsibilities to the taxpayer as set out in [Managing Public Money](#).

Government organisations face the ongoing challenge of maximising the use of limited resources to deliver services efficiently, while ensuring value for money for taxpayers. In today's complex public service landscape, this represents both a significant test and a strategic opportunity for finance leaders. Departments have committed to efficiency targets over the spending review period, underpinned by a greater

focus on improving outcomes – not just reducing costs¹. Embedding a culture of strong financial management will prove to be crucial for departments and arm's-length bodies (ALBs) as they deliver public services.

[The Government Finance Function's mission](#) is to put finance at the heart of decision-making. The NAO's work on financial management reinforces the importance of this message. Finance teams can control and interpret information, and they can be a crucial support and enabler to the business. They are uniquely placed to help balance priorities not just within their own organisation, but across government more widely.

¹ HM Treasury, Spending Review 2025: Departmental Efficiency Plans, June 2025, para 1.2.

Overview *continued*



Our financial management good practice series



Reporting for decision-making is the fifth guide in our series on financial management in government. Our guides span the full financial management lifecycle.

- [Enablers of success](#) explores the fundamental themes that underpin each stage of the financial management lifecycle, and how finance leaders can make the most of our guides.
- [Strategic planning and budgeting](#) outlines how finance leaders can plan strategically and realistically in the face of an uncertain landscape – whether in terms of policy direction or funding.
- [Allocating resources](#) shows how finance leaders can help decision-makers prioritise and deploy their scarce resources to secure the best outcomes and value for money.
- [Monitoring and forecasting](#) explains how finance leaders across government can monitor budgets and their performance and ensure forecasting is effective.

Reporting for decision-making

For the final guide in our financial management series, we are highlighting the vital role that finance teams play when it comes to reporting for decision-making.

What do we mean by reporting for decision-making?

Reporting of information is the lifeblood of organisations. This guide focuses on how financial – and in some cases non-financial – information is reported within organisations. It can cover everything from reporting on spend to date, through project performance measurement, risk and opportunity management, to periodic updates on delivery and quality.

Our guide focusses on how finance leaders can help their teams – and their organisations – develop the quality of reporting so that decision-making can be enhanced. Whether it is budget-setting, routine in-year financial management or making a difficult trade-off, decision-makers require reporting processes that give them the confidence to act.

In writing this guide we heard from finance leaders across government who not only explained the challenges around reporting information – but also argued a clear case for change based on the impact that better reporting can have on decision-making.

Why is reporting for decision-making so important?

Central government organisations operate in an environment that demands real-time information. Decision-makers are increasingly responding to unexpected events – for example the past five years have seen global pandemics, geopolitical

issues and significant rises in inflation and energy costs. As a result, decision-makers require a level of financial and non-financial information that considers not just what *has* happened, but what *might* happen.

These challenges present opportunities for finance leaders to truly understand the value of the information they report. It is ever-more important that reporting is aligned to the current goals and objectives the organisation is working towards – and that leaders critically think about whether the way they have reported previously is suitable for the decisions that need to be made now and in future.

Technological advances provide opportunities for workforces to engage and interact with information that is truly fit for purpose – to drill into the level of detail and interest relevant to their role and position. Good-quality and timely data can be used to model scenarios and potential outcomes to assist decision-makers in choosing the most effective course of action. The current landscape encourages innovative thinking and is an environment where finance professionals with the right skills and capabilities can thrive.

How you can use our guide

Reporting for decision-making outlines the challenges facing central government when it comes to reporting and provides some important actions for finance leaders to take. It also showcases examples where central government organisations are responding to these challenges in innovative ways to enhance their reporting capabilities and improve decision-making.

We explore four key principles:



Understand the purpose of reporting.



Set the standard for quality data.



Modernise reporting systems and processes.



Encourage positive behaviours.





Key takeaways

This table outlines the four principles that finance leaders can focus on when it comes to reporting for decision-making. For each principle, we describe what good looks like, and the key actions and practical tips finance leaders can take to enhance how effectively they report for decision-making in their organisations. We go into more detail on each of these principles on pages 8 to 21.



Principle	What good looks like	How finance leaders can drive improvement	Practical tips
 <p>Understand the purpose of reporting</p>	<p>A well-designed reporting system should be focused on objectives and outcomes, aligned with the organisation’s strategic priorities and suitable for the requirements of decision-makers.</p>	<p>Define the value and purpose of reporting and ensure it links to strategic and operational priorities.</p>	<p>Identify the financial and non-financial drivers that define your organisation’s performance.</p>
		<p>Collaborate with users across the organisation to understand their reporting needs.</p>	<p>Run workshops with teams across the organisation to better understand their reporting requirements.</p>
		<p>Develop analyses consistent with the organisation’s strategic objectives.</p>	<p>Strip back less relevant data from important reports and replace with key risk and performance indicators that are linked to strategic objectives.</p>
		<p>Standardise reporting templates and frameworks for all users and functions.</p>	<p>Create different ways of demonstrating how users can interact with financial information to build confidence – for example, showcase sessions and frequently asked questions.</p>

Key takeaways *continued*

Principle	What good looks like	How finance leaders can drive improvement	Practical tips
 <p>Set the standard for quality data</p>	<p>Leaders help the organisation focus on relevant and timely financial and non-financial data to deliver a reliable and comprehensive view of organisational performance, enabling informed decisions aligned with strategic and operational priorities.</p>	<p>Standardise data collection by unifying formats, storage and access systems guided by consistent reporting standards.</p>	<p>Create a data dictionary to standardise definitions across functions – for example, what constitutes a ‘data owner’. The NOVA functional reference model provides guidance.</p>
		<p>Set data assurance procedures for periodic review of non-audited data.</p>	<p>Conduct regular data reviews to assess compliance with governance policies and identify areas for improvement.</p>
		<p>Define ownership of data for functions across the organisation, ensuring responsibilities and accountabilities are understood.</p>	<p>Incentivise individual stakeholders to take ownership of their data by building this into role objectives.</p>
		<p>Establish data governance and management frameworks to monitor and address data-related matters effectively.</p>	<p>Use data governance software to help monitor, control and maintain data quality.</p>
 <p>Modernise reporting systems and processes</p>	<p>Leaders champion the integration of financial, operational, and performance systems that deliver real-time, accurate insights tailored to user needs, and enable effective data-driven decisions across the organisation.</p>	<p>Assess current reporting systems and processes to identify issues and inefficiencies.</p>	<p>Create system architecture diagrams and process flow maps to understand how systems integrate with each other.</p>
		<p>Identify opportunities for automation to minimise time-consuming manual processes.</p>	<p>When considering which processes can be automated, identify clear and practical examples that will save time and cost.</p>
		<p>Optimise systems and processes for real-time reporting.</p>	<p>Provide learning opportunities to upskill finance teams in data analytics – this will increase overall capability to generate more effective reporting options.</p>
		<p>Influence system design early to increase the chance of better outcomes.</p>	<p>Whether in a department or an ALB, actively seek opportunities to contribute to shared service consultations or other system design discussions.</p>

Key takeaways *continued*

Principle	What good looks like	How finance leaders can drive improvement	Practical tips
 <p>Encourage positive behaviours</p>	Leaders build a culture where individuals across the organisation routinely interact with financial information and make informed, data-driven decisions.	Strengthen relationships and improve reporting by integrating finance into day-to-day operations.	Offer short-term secondments or rotations between finance and business teams to strengthen collaboration and build cross-functional skills.
		Support proactive management of long-term financial reporting.	Incorporate regular assessment of balance sheet impacts into financial reporting processes throughout the year, rather than limiting evaluations to year-end reviews.
		Communicate clear and consistent messages that connect reporting initiatives to shared goals.	Use storytelling and trends in data to show how changes in approaches to reporting solve real problems and help the organisation meet its objectives.
		Create an environment where innovation is encouraged and rewarded.	Provide users with access to resources such as training in business intelligence and data visualisation tools to build confidence and encourage innovation in reporting.





Understand the purpose of reporting



What good looks like

A well-designed reporting system should be focused on objectives and outcomes, aligned with the organisation's strategic priorities and suitable for the requirements of decision-makers.



Why this is important

The success of decision-making relies on the quality of the information on which those decisions are based. To increase productivity and the quality of decision-making, leaders will want to regularly assess the value, purpose and intended audience of the information being reported – to ensure it meets the needs of decision-makers at different levels.

Finance leaders have told us that reporting can be commonly misaligned with organisational strategy, lack clear objectives, and fail to present a comprehensive view of business performance. This can be a by-product of legacy IT systems or historic ways of working which default to processes that no longer work well for decision-makers.

It can prove difficult for some organisations to measure or prove the benefits of reporting in a more effective way. For example, organisations may lack the data and evidence to easily integrate performance with their strategic

objectives. Failing to confront this challenge, however, is likely to continue a cycle of reporting information that fails to be truly useful to the modern needs of an organisation – information that is not timely, or that is not attuned to the needs of decision-makers.

Finance professionals we spoke with emphasised the importance of intuitive design in reporting platforms. When platforms are easy to navigate, users – whether budget holders, departmental heads, or executives – can efficiently access and interact with the data and analyses they need.

The challenge for finance leaders is therefore to move their organisation towards reporting for different audiences at the same time – encouraging a self-service approach. Accounting officers and executives may value high-level data visualisations that look across the organisation. Budget holders and departmental heads may want to drill down in greater detail into projects to identify specific performance issues.

Regardless of the level of detail, if there isn't an alignment to strategic objectives, the value of the information being reported could be compromised. Without a strong foundation where the organisation is comfortable with information which is linked to its strategic goals, it is difficult to build a case to assess whether the quality of reporting used for decision-making is good enough.

“Alignment with value drivers is critical to ensuring you have a fit-for-purpose set of internal reports to support effective decision-making.”

Martin Wheatcroft, External advisor on public finances to the Institute of Chartered Accountants in England and Wales

Where can I find out more from the NAO?

[Lessons learned: a planning and spending framework that enables long-term value for money](#)

We identify eight lessons to maximise value for money for government on planning and spending. The lessons on transparency, joined-up planning and governance and taking a long-term view in particular are relevant when thinking about the value and purpose of reporting for decision making.



Understand the purpose of reporting *continued*



How finance leaders can drive improvement

- Define the value and purpose of reporting and ensure it links to strategic and operational priorities.** Start by identifying the key outcomes and business questions that leaders need to prioritise – this will help determine the focus and scope of reporting. A strong reporting framework should be built around both strategic objectives and day-to-day operational needs, ensuring that reports are not only aligned with long-term goals but also useful for immediate decision-making.

Practical tip: Identify the financial and non-financial drivers that define your organisation's performance.
- Collaborate with users across the organisation to understand their reporting needs.** Senior leaders should align the reporting framework with these requirements in an inclusive and practical way. Seeking regular feedback from users ensures leaders can enhance the effectiveness and relevance of reporting.

Practical tip: Run workshops with teams across the organisation to better understand their reporting requirements.
- Develop analyses consistent with the organisation's strategic objectives.** By zoning in on strategic objectives, finance teams can more easily identify and exclude information that is – and is not – critical to decision-making. Leaders should also ensure that data is presented in a clear, compelling and user-friendly format to maximise its impact and accessibility.

Practical tip: Strip back less relevant data from important reports and replace with key risk and performance indicators that are linked to strategic objectives.
- Standardise reporting templates and frameworks for all users and functions.** Senior leaders and finance teams should work towards a standardised reporting framework and platform, that delivers consistent data and analyses – a single source of truth. This consistency makes it easier for users across all functions to engage with and act on the information confidently.

Practical tip: Create different ways of demonstrating how users can interact with financial information to build confidence – for example, showcase sessions and frequently asked questions.



Understand the purpose of reporting *continued*

Case study

Using dashboards to increase transparency and collaboration – Advanced Research and Invention Agency (ARIA)

Background: The Advanced Research and Invention Agency (ARIA) is a new UK R&D funding agency built to unlock scientific and technological breakthroughs that benefit everyone. Programme directors design and lead multi-year programmes by funding and overseeing a portfolio of projects aimed at achieving transformative outcomes, working closely with project teams and providing technical and programmatic support. The finance team's objective is to provide programme teams with transparent, timely access to financial and performance data, supporting better decision-making at both the project and portfolio level. This is crucial for programme directors to fulfil their remit as active project managers of their portfolio.

Approach: To provide up-to-the-minute data access, ARIA's finance team identified the need for a shared platform where the programme and finance teams could access a broad range of project, financial and portfolio-level information. The brief was to create something tailored to programme users' practical needs and ways of operating, to enable proactive programme management. The team chose to invest in a data visualisation tool to produce a platform that draws in key real-time data from the organisation's various systems to showcase all project information in one place.

They began by defining the core design principles that would guide the system, which included:

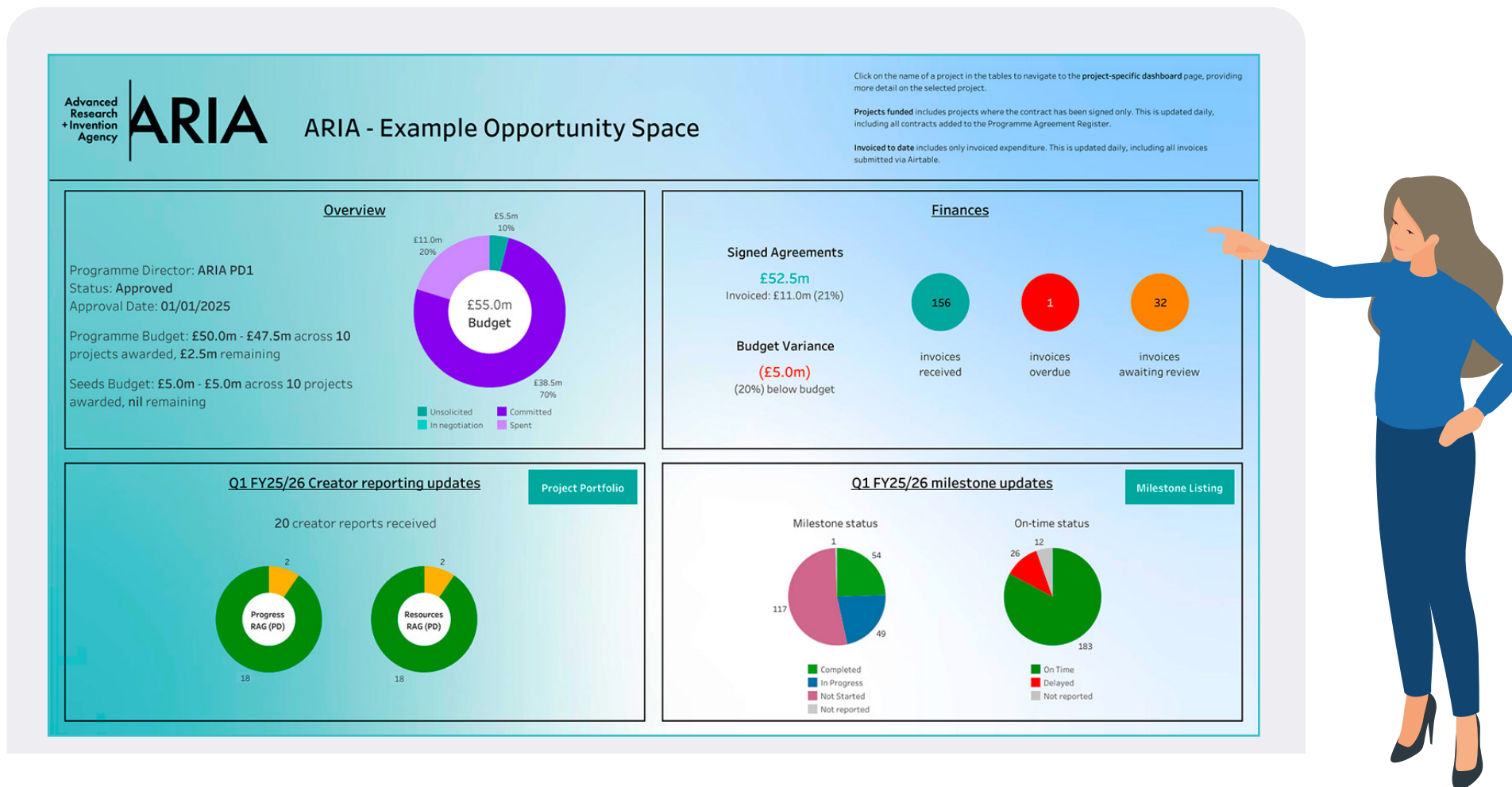
- 1 prioritising programme user needs by designing dashboards tailored to specific user types, using language and structures familiar to programme teams;
- 2 integrating a data architecture that aligns system data to ensure consistency across dashboards; and
- 3 providing self-service access to the portal for all users across the organisation.

Guided by these key principles, the team defined the desired look, feel and analytical focus of the dashboard. They then identified the data they required for these dashboards and developed the systems required to capture this data. They collaborated with teams through multiple iteration cycles to refine the content and ensure it met users' needs. Once a working product was developed, the data visualisation tool was embedded into several core processes, including monthly and quarterly project reviews, programme analysis, and invoice validation (**Figure 1**).

Benefit: This approach has transformed data from a 'finance-owned asset' into a shared organisational resource, fostering better accountability and collaboration between programme and finance teams. Teams can now easily access high-level, real-time programme information and drill down into the details – giving them quick visibility of key insights and enabling timely course correction. This tool has provided the programme teams with the insight they need to intervene early and keep projects on track, supporting ARIA's active funder model and enabling proactive programme management.

Figure 1
Advanced Research and Invention Agency (ARIA) dashboard

An illustration of the dashboard ARIA uses to provide programme and finance teams with a broad range of real-time information



Note: this is for illustrative purposes only and does not contain any actual data.



Set the standard for quality data



What good looks like

Leaders help the organisation focus on relevant and timely financial and non-financial data to deliver a reliable and comprehensive view of organisational performance, enabling informed decisions aligned with strategic and operational priorities.



Why this is important

Better decisions start with better quality data. Without access to high-quality, well-managed data, even the best technologies or most advanced systems will fail to deliver meaningful insights. We have reported on challenges with data many times, for example in our report [Progress in improving mental health services in England](#), where we noted that only five out of the 29 integrated care boards – responsible for commissioning mental health services – felt they had all or most of the data they needed to assess the actual costs of providing services.

It is in finance leaders' interest to prioritise data quality: it provides a base for different functions to collaborate more effectively and present information to decision-makers that is joined-up and enables risks and opportunities to be presented more strategically. The [Government Data Quality Hub](#) consider the key dimensions of quality data to be accuracy, completeness, uniqueness, consistency, timeliness and validity (**Figure 2**).

To manage data consistently and responsibly across the organisation, finance leaders can help promote effective data governance. Data governance establishes clear standards, defines ownership, and ensures that all teams operate under shared expectations. Without this governance, accountability can be unclear – leaving finance teams to carry the burden of inaccurate or incomplete data from elsewhere in the organisation.

To make further positive steps, leaders should assess how accessible good data is across the organisation. If data is difficult to locate and interpret, or varies across functions, it risks being underused – or worse, misused. Silos of information reduce visibility and make it harder to derive reliable business insights.

Finally, an additional challenge for finance leaders is that non-financial datasets may not be of the same standard or quality as audited financial information. Developing robust governance and assurance frameworks and carefully deploying data governance software can enhance compliance and audit readiness by creating structured processes for monitoring, controlling and maintaining data quality across the organisation.

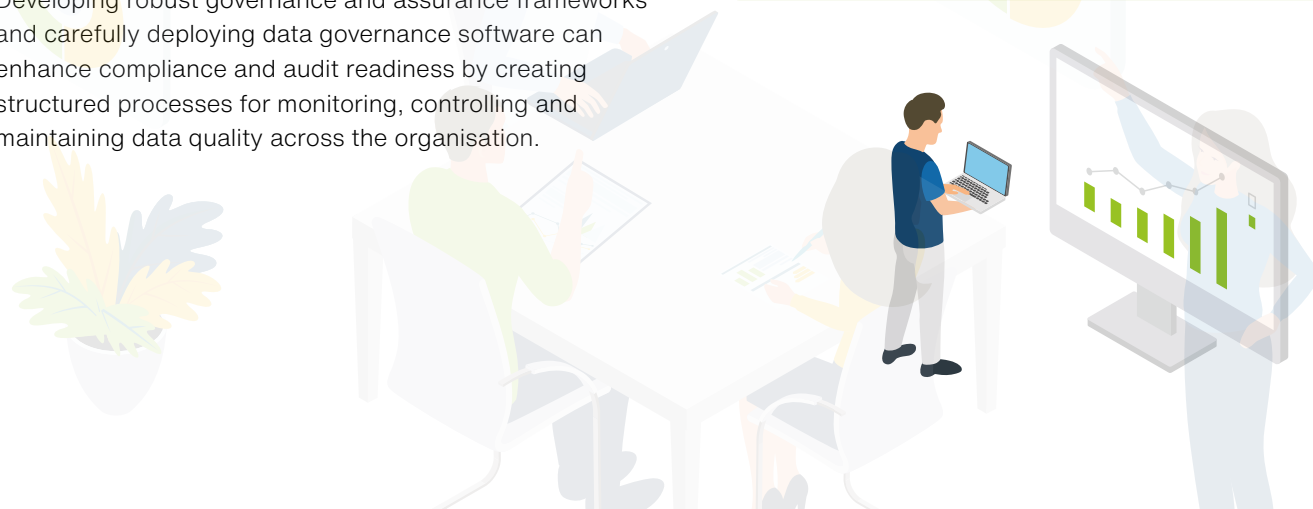
“There is a huge disconnect between data generation and usage. It’s important to find opportunities to recycle and use data for other products and business areas.”

Kevin Pertaub, Deputy Director, Government Finance Function

Where can I find out more from the NAO?

[Improving government data: A guide for senior leaders](#)

This report outlines a way forward for leaders in a number of areas, including embedding data standards, improving data quality and enabling data-sharing.





Set the standard for quality data *continued*



How finance leaders can drive improvement

- Standardise data collection by unifying formats, storage and access systems, guided by consistent reporting standards.** Leaders should establish agreed-upon criteria for what constitutes good quality data, and apply them across the organisation. This enables data to be classified and easily retrieved and creates synergies with reporting and processes across and within departments and ALBs.
- Set data assurance procedures for periodic review of non-audited data.** Some non-financial information – for example, aspects of sustainability data – may not be subject to the same degree of assurance as audited financial information. Leaders should be clear on the quality assurance arrangements for all data that contributes to decision-making so that users are confident there is a consistent level of quality.
- Define ownership of data for functions across the organisation, ensuring responsibilities and accountabilities are understood.** When directorates across the organisation fail to have a clear accountability for their data ownership it can often default to finance teams to correct issues around data accuracy and completeness – taking away time which could be used for more value-adding activity.
- Establish data governance and management frameworks to monitor and address data-related matters effectively.** Robust governance structures are essential for embedding digital and data priorities into strategic decision-making, while also enforcing data quality standards and system ownership and integration across the organisation. This is a crucial foundation for better reporting and will help ensure reporting is integrated with governance structures.



Practical tip: Create a data dictionary to standardise definitions across functions – for example, what constitutes a ‘data owner’. The NOVA functional reference model provides guidance.



Practical tip: Conduct regular data reviews to assess compliance with governance policies and identify areas for improvement.



Practical tip: Incentivise individual stakeholders to take ownership of their data by building this into role objectives.



Practical tip: Use data governance software to help monitor, control and maintain data quality.



Set the standard for quality data *continued*

Figure 2

The characteristics for measuring data quality

The Government Data Quality Hub outlines six dimensions against which data quality can be measured.

Dimension	Explanation
Accuracy	Accuracy describes the degree to which data matches reality. Bias in data may impact accuracy. When data is biased, it means it is not representative of the entire population. Account for bias in your measurements if possible, and make sure that data bias is communicated to your users. In a dataset, individual records can be measured for accuracy, or the whole dataset can be measured. Which you choose to do should depend on the purpose of the data and your business needs.
Completeness	Completeness describes the degree to which records are present. For a dataset to be complete, all records are included, and the most important data is present in those records. This means that the dataset contains all the records that it should and all essential values in a record are populated. It is important not to confuse the completeness of data with its accuracy. A complete dataset may have incorrect values in fields, making it less accurate.
Uniqueness	Uniqueness describes the degree to which there is no duplication in records. This means that the data contains only one record for each entity it represents, and each value is stored once. Some fields, such as National Insurance number, should be unique. Some data is less likely to be unique – for example, geographical data such as town of birth.
Consistency	Consistency describes the degree to which values in a dataset do not contradict other values representing the same entity. For example, a mother's date of birth should be before her child's. Data is consistent if it doesn't contradict data in another dataset. For example, if the date of birth recorded for the same person in two different datasets is the same.
Timeliness	Timeliness describes the degree to which the data is an accurate reflection of the period that they represent, and that the data and its values are up to date. Some data, such as date of birth, may stay the same, whereas some, such as income, may not. Data is timely if the time lag between collection and availability is appropriate for the intended use.
Validity	Validity describes the degree to which the data is in the range and format expected. For example, date of birth does not exceed the present day and is within a reasonable range. Valid data is stored in a data set in the appropriate format for that type of data. For example, a date of birth is stored in a date format rather than in plain text.

Source: Government Data Quality Hub, Government Data Quality Framework, December 2020 (available at: <https://www.gov.uk/government/publications/the-government-data-quality-framework/the-government-data-quality-framework#Data-quality-dimensions>), link accessed 22 August 2025



Set the standard for quality data *continued*

Case study

Promoting data governance and ownership – UK Export Finance

Background: UK Export Finance's (UKEF) business plan is underpinned by a goal of using quality data and meaningful insights to drive decisions. In addition, UKEF's analysis had revealed that significant time was being spent by their finance and other teams correcting errors arising from issues relating to poor quality data. UKEF decided to launch a data initiative to embed data governance and ownership practices across the organisation.

Approach: UKEF's initiative aimed to drive efficiency and enable data-driven decision-making through improved data management. They started by establishing support from the Chief Executive Officer, which allowed them to create formal governance processes and set the 'tone from the top'. Central to this is a senior-level Data Governance Board that reports to the Executive Committee, co-chaired by the Chief Risk Officer and the Head of Digital, Data and Technology. The Board plays a critical role in helping to drive accountability and ownership of core data across the organisation.

All core data types are assigned owners in each directorate. This ensures clear accountability and means issues can be resolved quickly. UKEF created a data governance framework that defines the roles and responsibilities of data owners and the processes for addressing data quality issues.

To make the processes understandable across the organisation, UKEF set up intranet pages to provide information on data governance and support education and training. This offers links to helpful resources like data dictionaries and provides a way to escalate issues so they can be resolved. Training programmes have been delivered to staff to build data literacy and to ensure data owners understand and can fulfil their responsibilities.

Data issues meetings are held monthly and increase in frequency towards year-end. This is a space where key stakeholders – including the Chief Risk Officer, Chief Financial Officer, and departmental heads – can work together to identify and work through data issues that ultimately impact decision-making and reporting.

Benefit: The implementation of data governance structures has helped to improve identification and resolution of data issues, especially ahead of key deliverables like the annual report. Clear ownership of critical data has enabled more effective problem-solving by involving the right people. Regular meetings support timely decision-making, while the framework has strengthened understanding of data roles and increased accountability, leading to more efficient data management across the organisation. Work is ongoing to continually improve these processes.



Modernise reporting systems and processes



What good looks like

Leaders champion the integration of financial, operational, and performance systems that deliver real-time, accurate insights tailored to user needs, and enable effective data-driven decisions across the organisation.



Why this is important

In our report [Digital transformation in government](#) we stated that “government cannot achieve real transformation without reshaping the business of government and understanding the challenges presented by legacy systems and data.” While finance leaders can initiate quick-wins and workarounds to enhance current processes, real transformation will be achieved by addressing the root cause issues stemming from legacy systems.

Many of the leaders we have spoken to faced challenges with non-interoperable legacy systems causing issues with duplication, inefficiency and costly workarounds. Government services underpinned by inefficient legacy systems and processes are expensive to run and become increasingly costly as changes are layered on top. Our previous work has shown that poor data often leaves departments unaware of the underlying cost drivers – and hence the opportunities for improvement from better processes, data and technology. For instance, in our 2019 report [Challenges in using data across government](#), we found that organisations do not monitor the time

or costs involved in sorting poor-quality or disorganised data. In some cases, cleaning and merging data took between 60% and 80% of people’s time. We said that understanding the time and costs spent on working around discrepancies in systems could provide valuable information for the government on how and where to focus resources.

This backdrop inevitably has an impact on how organisations report financial information. In our discussions with finance leaders, many noted that their teams spend significant time producing bespoke reports for different users – a resource-intensive process that often results in conflicting versions of the truth. They also told us that they still rely on manual reporting processes, which are time-consuming, error-prone and inefficient. Poorly configured and slow dataflows further complicate timely, accurate reporting.

Legacy systems also create a barrier for organisations to overcome if they want to realise the benefits of artificial intelligence (AI). AI can have a transformational impact on how financial information is reported across organisations. As noted in our report [Use of artificial intelligence in government](#), achieving large-scale benefits is likely to require not just adoption of new technology but significant changes in business processes and corresponding workforce changes.

Cabinet Office’s Shared Services Strategy for Government aims to modernise government back-office functions like HR, finance, recruitment and payroll. The government estimates this will result in over £115 million per year in efficiency and productivity benefits across government by 2028-29.

“Reconfiguring information can take up a lot of time, so try wherever possible to produce reports which can be used many times rather than bespoke reports for lots of different users.”

Liz Bushell, Director of Corporate Services, Historic England

Where can I find out more from the NAO?

[Digital transformation in government: a guide for senior leaders and audit and risk committees](#)

This report helps leaders understand large-scale digital change, focussing on the core issues to be addressed and pitfalls to avoid.

[Improving government’s productivity through better cost information](#)

This report considers how government can address limitations in its understanding of service costs.



Modernise reporting systems and processes *continued*



How finance leaders can drive improvement

- Assess current reporting systems and processes to identify issues and inefficiencies.** This clarity is essential for designing integrated solutions that deliver timely, relevant outputs across functions. The assessment should cover all processes that inform decision-making, ensuring they remain effective and aligned with organisational goals.
- Identify opportunities for automation to minimise time-consuming manual processes.** Technology upgrades or process redesigns could reduce manual effort and improve outcomes. This step helps leaders prioritise areas where automation can deliver the greatest impact – freeing up resources, enhancing transparency and supporting a system that evolves with business needs.
- Optimise systems and processes for real-time reporting.** Look for opportunities to make monthly reporting cycles more efficient by simplifying processes, improving dataflows, reducing the number of times financial data needs to be manipulated, and enhancing system responsiveness to move closer to real-time insights.
- Influence system design early to increase the chance of better outcomes.** Senior leaders should actively engage in change projects from the outset – sharing knowledge and insights to ensure systems will be fit for purpose. Early involvement helps shape solutions that meet the organisation's needs – and reduces the risk of costly redesigns later.



Practical tip: Create system architecture diagrams and process flow maps to understand how systems integrate with each other.



Practical tip: When considering which processes can be automated, identify clear and practical examples that will save time and cost.



Practical tip: Provide learning opportunities to upskill finance teams in data analytics – this will increase overall capability to generate more effective reporting options.



Practical tip: Whether in a department or an ALB, actively seek opportunities to contribute to shared service consultations or other system design discussions.



Modernise reporting systems and processes *continued*

Case study

Integrating systems to an effective central platform – Network Rail (Wales and Western region)

Background: Network Rail's role is to “run a safe, reliable and efficient rail network and deliver a simpler, better, greener railway for [their] customers and communities”. They are organised into five geographical regions, with each region sub-divided into routes – one of which is Wales and Western. Wales and Western's in-house Advanced Analytics Team have been working on how they can integrate key systems for better access to data.

Approach: The team identified five systems as key sources of project data – covering risk, safety, finance, scheduling and commercial. As these systems did not integrate with each other, project teams across the region had to log into each system separately and assess the project's performance without clear reference to the other four datasets. To address this, the team developed small component systems to integrate the datasets from these five systems together.

This platform now collates over 750 million data points from across the five systems, allowing all of this data to be accessed by everyone in the region. The platform has various sections that provide insight into project performance, enabling project professionals to view a complete data picture of all projects in one place. For example, by combining datasets it allows project teams to assess costs alongside risk and schedules at the same time.

The team worked with individuals across a variety of functions to understand their data and visualisation needs. The team also made extensive efforts to understand the underlying processes of the five systems, and to ensure the data is accurately consolidated. This iterative approach has resulted in a user-friendly visualisation tool that efficiently provides data to support decision-making.

Benefit: The platform has been widely adopted by project teams. By providing important data and analyses in a single, accessible location it has not only freed up time for users to spend on more complex tasks, but has optimised the use of data to support the decision-making process. In addition, by consolidating data into a read-only reporting and visualisation tool, manual report editing is no longer an option. This means data inconsistencies or inaccuracies are now addressed and rectified directly within the original systems, improving data quality across the five key systems.



Encourage positive behaviours



What good looks like

Leaders build a culture where individuals across the organisation routinely interact with financial information and make informed, data-driven decisions.



Why this is important

Without a culture where individuals buy in to the value and purpose of reporting, organisations will fail to make substantial progress in improving reporting. The most effective outcomes are achieved when organisations focus on ways of working rather than systems alone, and when finance and other functions are united by a shared commitment to outcomes and accountability.

Finance leaders we spoke to said that one of the challenges they faced was bridging the gap in understanding between finance and non-finance staff – especially if the latter feel disconnected from financial processes or are unsure how to engage with financial information. This represents a cultural barrier to a self-service model and places an ongoing burden of responsibility on finance teams for how information is accessed to make decisions.

In our previous guide [Monitoring and Forecasting](#), we emphasised the importance of budget holders being accountable for monitoring financial performance and ensuring their data and analyses are realistic. There are a few areas where finance leaders can shift mindsets. Firstly, building a data literacy culture across finance and non-finance users to make more progress towards more

self-service reporting: if users don't understand the data they are working with, they risk misinterpreting it or using it inappropriately. Secondly, encouraging a focus beyond just income and expenditure and towards longer-term balance sheet management: HM Treasury's [Balance Sheet Review Report \(2020\)](#) highlights a number of benefits of greater balance sheet management, for example, being better positioned to identify and account for potential assets and liabilities.

Effective communication strategies can make a huge difference to how information is reported across the organisation. By consistently publishing performance data, organisations can build trust and engagement. When people are involved in shaping changes and understand how their work contributes to wider outcomes, they are more likely to support new ways of working and take ownership of results.

Finally, when barriers and issues are hidden away, it limits the ability of decision-makers to take timely action. Transparency ensures that challenges are surfaced early, and decisions are based on data that truly reflects what is happening across the organisation. Developing an open and honest culture will incentivise truthful and early reporting and create an inclusive, no-blame environment.

“If you have the business trusting finance, and finance trusting the business, that’s an absolute winner.”

Joan Lewis, Deputy Director, Management Accounting and Synergy Finance Programme Director, Ministry of Justice

“Having good-quality information is essential for judgement. In terms of awareness, we need to be aware of the quality of the information we are getting, so we can use it with confidence.”

Sir Andrew Likierman (former Chair of the NAO),
Judgement at work: making better choices

Where can I find out more from the NAO?

[Smarter delivery – improving operational capability to provide better public services](#)

This report offers four capabilities for the government to focus on to improve operational capability. ‘Embedding systematic innovation and improvement’ shows how an effective environment encourages openness, innovation and challenge of current thinking.



Encourage positive behaviours *continued*



How finance leaders can drive improvement

- Strengthen relationships and improve reporting by integrating finance into day-to-day operations.** For example, finance leaders could pair finance business partners with specific business units or departments, ensuring they attend regular meetings to provide financial insight and build relationships. This enables finance to better understand the business, speeds up reporting processes, and helps other functions appreciate the value of finance.
- Support proactive management of long-term financial reporting.** Leaders should champion balance sheet management to ensure long-term financial stability and resilience. Leaders should reassess utilisation of public assets, evaluate major investments or divestments by their impact on the balance sheet and ensure consideration is taken over 'potential' fiscal opportunities and risks. Better oversight of assets and liabilities can unlock value, reduce risk and identify underutilised assets.
- Communicate clear and consistent messages that connect reporting initiatives to shared goals.** This enables leaders to involve the whole business at the same time and help achieve buy-in. Leaders should offer clarity through assuredly communicating the purpose and benefits of new initiatives. Leaders should continually repeat communications beyond implementation as new issues and concerns will inevitably arise.
- Create an environment where innovation is encouraged and rewarded.** Leaders can showcase the benefits of self-service and greater engagement with financial information. One option is identifying skilled and enthusiastic users of dashboards and data visualisations to act as 'champions' to support and encourage individuals towards greater innovation.



Practical tip: Offer short-term secondments or rotations between finance and business teams to strengthen collaboration and build cross-functional skills.



Practical tip: Incorporate regular assessment of balance sheet impacts into financial reporting processes throughout the year, rather than limiting evaluations to year-end reviews.



Practical tip: Use storytelling and trends in data to show how changes in approaches to reporting solve real problems and help the organisation meet its objectives.



Practical tip: Provide users with access to resources such as training in business intelligence and data visualisation tools to build confidence and encourage innovation in reporting.



Encourage positive behaviours *continued*

Case study

Encouraging engagement with sustainability data – The Pensions Regulator

Background: Like many organisations in central government, The Pensions Regulator (TPR) is integrating sustainability into its operations as part of its climate change strategy. As well as aiming to ensure pension schemes manage climate-related risks and opportunities, it is committed to reducing its own operational emissions, targeting operational net zero by 2030 for its offices and business travel, and 2050 for all other emissions. In support of this, TPR aims to build a climate and sustainability-literate workforce and encourage active participation and engagement with climate and sustainability data.

Approach: To improve visibility and engagement with sustainability data, TPR's sustainability and finance teams collaborated with their data colleagues to develop an intranet platform featuring a business intelligence dashboard. This platform presents key metrics, such as carbon emissions per product and travel and waste data, in an engaging and interactive format. By focusing on climate change impacts, the team made the content more relatable and relevant to people's daily responsibilities. This approach has proven effective in sparking interest and action.

The approach to internal data sharing has been iterative and transparent. The dashboard includes disclaimers to clearly outline any data limitations. Rather than waiting for perfectly polished data, TPR thought it was important to allow people to engage early and grow their understanding. To assist with this, TPR rolled out carbon literacy training to more than 70 employees, deepening understanding and encouraging conversations.

TPR's communications, sustainability and finance teams actively promoted the dashboard by showcasing it to different directorates across the organisation. These in-person opportunities helped generate conversations, encourage questions, and invite feedback, which has enabled them to refine the dashboard and continue to drive engagement with people across TPR on the topic of sustainability.

Benefit: The dashboard has increased engagement around sustainability, initiating more conversations and raising awareness across the organisation, such as the impact of artificial intelligence and paper usage on their sustainability goals. Although TPR's sustainability team is small, the dashboard has helped embed sustainability considerations into decision-making across various departments. For example, using sustainability data to make the successful case for a change in policy to reduce air travel. The platform enables people to make informed decisions: for instance, the data can be used to inform the sustainability impact process as part of purchasing decisions – this is particularly impactful in tackling supply chain emissions, the organisation's largest emissions source.

Methodology appendix

We have used the following methods to generate our insights:

- a** We have used the following methods to generate our insights.

We conducted four focus groups with senior finance leaders from a range of our audited bodies.

We met with a range of Chief Financial Officers, Finance Directors, Directors of Corporate Services, Deputy Finance Directors, Senior Finance Business Partners, Heads of Finance and Heads of Accounting from:

- four ministerial departments;
- two non-ministerial departments;
- two executive non-departmental public bodies; and
- two agencies or other public bodies.

We included organisations of different sizes and complexity and participants from a range of senior finance roles, to capture a diversity of perspectives. The findings from the focus groups and interviews were used to inform our themes and identify examples of good practice. We carried out our focus groups and interviews in May 2025.

We chose to use focus groups to capture a range of perspectives from finance leaders across government and give participants the opportunity to present their views and experiences while listening and reflecting on what the others had to say. This helped us to collect insightful data on the main challenges for reporting for decision-making and ways to address these challenges.

- b** We held discussions with senior officials from academia, professional bodies and one of the private sector consultancies to discuss our findings, test our themes and hear their views on the contents of this guide.
- c** We shared and discussed our findings with officials from the Government Finance Function.
- d** We interviewed members of the NAO's financial reporting team to understand the NAO's approach to internal reporting, and representatives from the NAO's insights teams to discuss their perspectives based on their specialist areas.
- e** We reviewed our back catalogue of financial audits, value-for-money reports, investigations and good practice guides for relevant insights relating to reporting for decision-making.

- f** We conducted external research on internal reporting and its importance for financial management. This largely comprised desktop research of financial management materials and documentation from central government and the private sector.

- g** We combined all of our research from (a) to (f) into an Excel spreadsheet of individual insights. We used this to determine the four principles that form this good practice guide, and themed our insights accordingly.

