

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

DYDDIAD Y CYFARFOD: DATE OF MEETING:	21 October 2025
TEITL YR ADRODDIAD: TITLE OF REPORT:	Planning Objective 2: Financial Recovery and Route Map
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Executive Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Richard Jenkins, Assistant Director of Finance – Commissioning, BI and Best Value

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Er Sicrwydd/For Assurance

**ADRODDIAD SCAA
SBAR REPORT**

Sefyllfa / Situation

As a Health Board we are forecasting a financial deficit of £27.8m for financial year 2025/26, with an underlying deficit of £58.5m. The expectation from Welsh Government is that the Health Board matches the outturn position for 2024/25, a £24.1m deficit.

The Health Board is currently in Targeted Intervention, with the requirement to breakeven by financial year 2027/28. We require a trajectory to achieve this and to support delivery of a breakeven financial plan, the Health Board has commenced work on a financial roadmap spanning financial years 2026/27 - 2028/29.

Year 0 (2025/26) is the current financial year, with a submitted annual plan deficit of £31.5m and a subsequent improvement to the plan through internal choices and actions, to a deficit of £30.0m. Month 5 reported a further improvement to our 2025/26 forecast, to a deficit of £27.8m as agreed with Welsh Government. The Welsh Government expectation is that we will go further to achieve a £24.1m deficit for financial year 2025/26.

Year 1 (2026/27) will achieve a c.£14m annual deficit, with an improvement trajectory across the quarters and with March 2027 needing to be a breakeven in-month position on a non-recurrent basis.

Year 2 (2027/28) will achieve a breakeven annual financial position on a non-recurrent basis as a minimum. Welsh Government have stipulated that we must achieve financial breakeven in financial year 2027/28, to ensure that the £26.0m conditionally recurrent funding received in 2024/25 can be assumed to be recurrent in future financial years.

Year 3 (2028/29) will achieve a breakeven annual financial position on a recurrent basis, with a significantly reduced underlying deficit (which is to be confirmed).

Cefndir / Background

The Health Board year by year financial position from financial year 2019/20 to financial year 2025/26 is summarised in the below table:

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

It is a statutory requirement of health boards in Wales to submit an Integrated Medium Term Plan (IMTP) which requires health boards to breakeven over a three-year period, as per the NHS Finance (Wales) 2006 Act.

Given the scale of the challenge to reach a break-even position, the Health Board submitted an Annual Plan for 2025/26, with a £31.5m deficit, and not an IMTP, but set within a three-year context.

The 2026/29 planning cycle, for submission to Welsh Government in March 2026, will be three-year plan as outlined above, not an IMTP, with the roadmap assessment work establishing an improving trajectory to breakeven across the period.

Asesiad / Assessment

The Welsh Government planning guidance for financial 2026/27 is not yet published, therefore, to complete a draft roadmap to recurrent financial breakeven in financial year 2028/29 we have:

- Assumed macro-economic inflation in line with that most recently experienced.
- Modelled contractual investment pressures in line with known commitments and that most recently experienced.
- Identified prevalence of demand pressures from academic publications and their costs from our most recent reference cost returns (£12.4m additional cost in each financial year).
- Assumed additional £2.0m quality and outcomes Welsh Government budgetary allocation in each financial year.
- Identified costs of known national commitments for our Health Board.
- Included the costs of CSP consultation options.
- Included the costs of expected investment options, including £5.2m for UEC pathway and a £5.0m allowance for must-do investments.
- Estimated allocation funding growth based on 2025/26 known uplifts, Welsh Government spending review announcements and assuming pay awards will be fully funded.
- Assumed a 2% Welsh Government technical efficiency requirement.
- Identified the opportunity of converting current red/blue savings to green and achieving efficiency targets across workforce and non-pay.

The inclusion of the costs of prevalence within the financial roadmap model to financial year 2028/29 allows for the inclusion of productivity gains within our savings plans, as productivity gains release prevalence funding to be used in other ways. Whilst the savings targets in each financial year is significant (as summarised below), productivity gains can contribute to their achievement.

If the cost of local investment choices in each financial year exceeds the assumed cost of prevalence and outcomes allocation funding (total £14.4m per annum) additional savings will need to be found to offset that additional cost.

The total savings target in each financial year, assuming a 2% Welsh Government technical efficiencies requirement together with health board strategic and transformation savings, is:

- £49.4m in 2026/27
- £46.4m in 2027/28
- £38.1m in 2028/29

This compares against the 2025/26 savings target of £46.4m, with the current forecast 2025/26 recurrent green and amber savings delivery being £14.0m and non-recurrent savings delivery at £27.4m, a total of £41.4m

The summary level financial roadmap from financial year 2026/27 to 2028/29 based upon the above is as per the below table (the detailed roadmap to 2028/29 is Appendix 1 to this paper):

2026/29 Financial Plan Assessment	Year 1 2026/27			Year 2 2027/28			Year 3 2028/29		
	Rec £'m	Non-Rec £'m	Total £'m	Rec £'m	Non-Rec £'m	Total £'m	Rec £'m	Non-Rec £'m	Total £'m
Underlying deficit carried forward	58.5		58.5	40.4		40.4	27.0		27.0
Macro-economic inflation price modelling	13.5		13.5	14.1		14.1	14.8		14.8
Contractual or unavoidable	15.1		15.1	16.2		16.2	17.3		17.3
Prevalence	12.4		12.4	12.4		12.4	12.4		12.4
Quality and outcomes	2.0		2.0	2.0		2.0	2.0		2.0
Core budget allocation uplift	(23.5)	(3.5)	(27.0)	(24.0)	(3.5)	(27.5)	(24.5)	(3.5)	(28.0)
Ministerial priorities allocation uplift	(11.4)		(11.4)	(11.5)		(11.5)	(11.6)		(11.6)
Continued non-recurrent benefit/Savings	-	(23.2)	(23.2)	-	(23.8)	(23.8)	-	(24.3)	(24.3)
Strategic and transformation savings	(26.2)		(26.2)	(22.6)		(22.6)	(13.8)		(13.8)
Financial Deficit	40.4	(26.7)	13.7	27.0	(27.3)	(0.3)	23.6	(27.8)	(4.2)
Proposed Trajectory Aim			14.0			0.0			0.0

Scenario of Welsh Government inflation funding held at 1.7% (as per 2025/26)

If the Welsh Government limit inflation funding to 1.7% (4.4% overall allocation uplift) this reduces funding uplifts by 0.4% per annum and increases the required savings targets required to maintain our roadmap trajectory as per the table below:

2026/2029 financial savings required at 1.7% WG inflation funding	Yr 1	Yr 2	Yr 3
	2026/27	2027/28	2028/29
	£m	£m	£m
Reduction in income if WG inflationary funding limited to 1.7% (as per 2025/26)	3.4	6.8	10.2
Savings target then required to maintain roadmap trajectory	(52.8)	(53.2)	(48.3)

Government inflation funding held at 0% (as per 2025/26)

If the Welsh Government limit inflation funding to 0% (flat cash) in each year, this reduces funding by:

£24m in Year 1 (2026/27)

£48m in Year 2 (2027/28)

£72m in Year 3 (2028/29)

Argymhelliad / Recommendation

The Finance and Performance Committee is asked to:

- **NOTE** that the Health Board is progressing the development of a 3-year financial roadmap to support delivery of a recurrent breakeven financial plan by financial year 2028/29;
- **DISCUSS AND CONSIDER** the approach taken in developing the assessment to date, particularly the savings challenge presented, in the context of recurrent savings delivery to date; and
- **SUPPORT** the ongoing work to further develop and refine the financial roadmap in the coming months, alongside the annual planning cycle and in line with Welsh Government guidance, as it becomes available.

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	3.1.17 Seek assurance on delivery against all Planning Objectives (Appendix 2) aligned to the Committee in accordance with the Board approved timescales, as set out in the Health Board's Annual Plan, considering and scrutinising the plans, including the medium term financial plans, and savings plans, that are developed and implemented, supporting and endorsing these as appropriate.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Not Applicable
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	2 Financial recovery and route map
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:	HDdUHB Planning Objectives 2025/26
Rhestr Termau: Glossary of Terms:	Contained within the body of the report.
Partion / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Cyllid a Pherfformiad Parties / Committees consulted prior to Finance and Performance Committee:	Not Applicable

Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	Contained within the contents of the report.
Ansawdd / Gofal Claf: Quality / Patient Care:	Not Applicable
Gweithlu: Workforce:	Not Applicable

Risg: Risk:	Not Applicable
Cyfreithiol: Legal:	Not Applicable
Enw Da: Reputational:	Not Applicable
Gyfrinachedd: Privacy:	Not Applicable
Cydraddoldeb: Equality:	Not Applicable



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Hywel Dda
University Health Board



Financial Roadmap 3 Year Annual Plan 2026-2029

Finance and Performance Committee, 21 October 2025



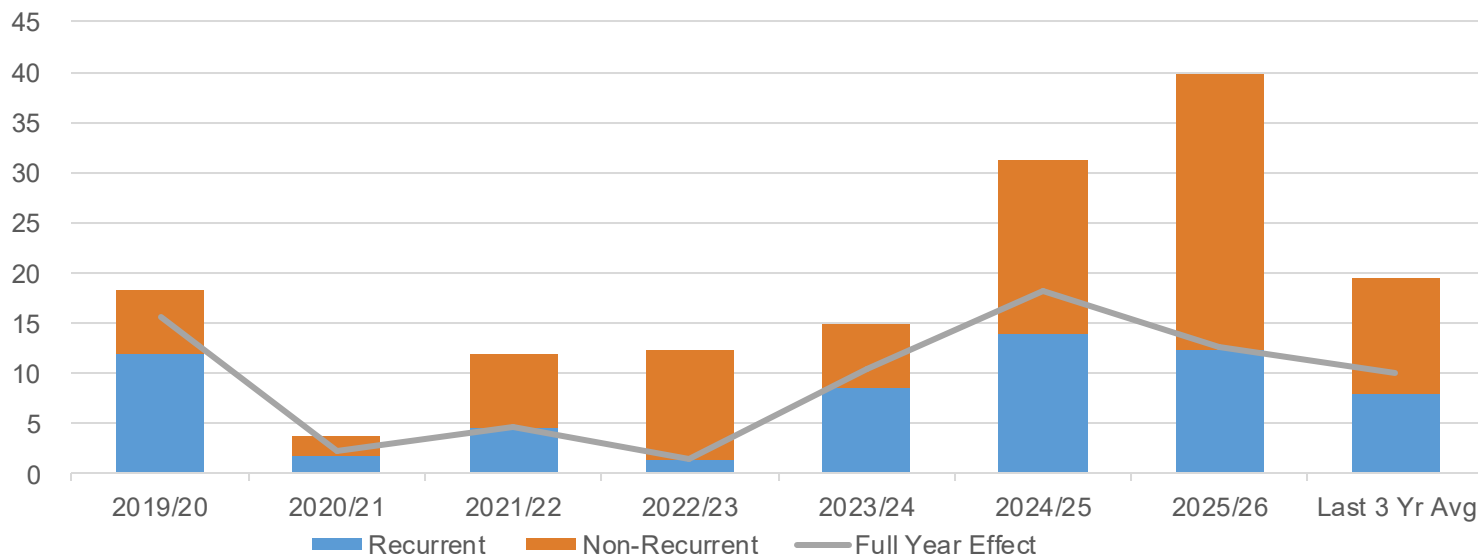
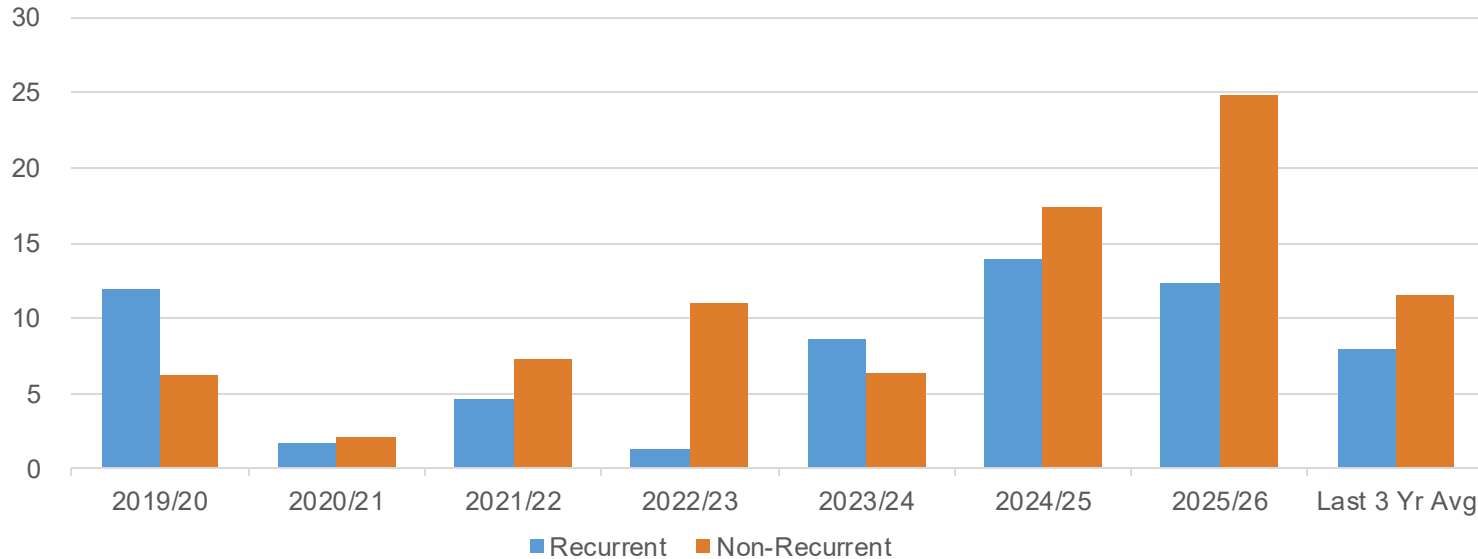
Background and Context

Background and Context

- The Health Board has a **revised annual plan deficit of £30.0m for 2025/26 with a forecast deficit of £27.8m as at Month 6**, 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 5
- The three-year average is based on 2022/23 to 2024/25
- 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

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 (Forecast as at Month 6 is £27.8m):

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

Financial Roadmap Assessment Reserves 2025-26 (Year 0)

As part of decisions made to reduce the outturn for 2025-26, the following will be part of opening reserves and should be discussed as part of the choices available in the FY27 planning process:

Opening Reserves	Recurrent £'m	Comments
Premium Variable pay	19.4	Moved to directorates on NR annually – expenditure levels being reviewed
Overtime on annual leave	1.9	Funding directorates on NR annually
Horizon scanning / High cost drugs	0.4	Not committed fully in 25-26
Childhood Obesity	0.3	Not committed in 25-26
Heart Failure VBHC replenishment	0.6	Paused in 25-26 – re-assessment of costs ongoing in October 25, requirement likely to reduce to £350k
	22.6	

Financial Roadmap Assessment 2025-26 (Year 0)

Through a series of internal choices and actions, the health board has improved its 2025/26 initial Financial Plan submitted to Welsh Government at the end of March 2025 from £31.5m deficit to a Month 5 forecast deficit position of £27.8m.

The Board, at 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 Welsh Government expectation. The choices required to achieve a deficit of £24.1m were further explored at the Public Board meeting on the 25 September, with further work now being undertaken to convert the choices to achievable actions. The Month 6 forecast position remained at £27.8m.

Financial Roadmap Assessment 2026-29 (Years 1-3)

- The 2026/29 planning cycle, for submission to WG in March 2026, will be three-year plan, not an IMTP
- The roadmap assessment work will look to establish an improving trajectory to breakeven across the period
- Year 0 (2025/26) is the current financial year, with a submitted annual plan deficit of £31.5m, with an improvement to the plan through internal choices and actions to a deficit of £30.0m. Month 5 reported further improvement to forecast to a deficit of £27.8m as agreed with Welsh Government, with Welsh Government expectation that we will go further to achieve a £24.1m deficit for FY 2025/26.
- Year 1 (2026/27) will achieve a c.£14m annual deficit, with an improvement trajectory across the quarters, with March 2027 needing to have a breakeven in-month position, on a non-recurrent basis
- Year 2 (2027/28) will achieve a breakeven annual financial position, on a non-recurrent basis as a minimum. It is this year which WG have stipulated the Health Board must achieve breakeven to ensure the £26.0m conditionally recurrent funding received in 2024/25 can be assumed to be recurrent thereafter, and no clawback would occur
- Year 3 (2028/29) will achieve a breakeven annual financial position, on a recurrent basis, with a significantly reduced underlying deficit (which is to be confirmed)

Financial Roadmap Assessment 2026-29 (Years 1-3)

The 2026/29 financial plan is summarised as follows:

2026/29 Financial Plan Assessment	Year 1 2026/27			Year 2 2027/28			Year 3 2028/29		
	Rec £'m	Non-Rec £'m	Total £'m	Rec £'m	Non-Rec £'m	Total £'m	Rec £'m	Non-Rec £'m	Total £'m
Underlying deficit carried forward	58.5		58.5	40.4		40.4	27.0		27.0
Macro-economic inflation price modelling	13.5		13.5	14.1		14.1	14.8		14.8
Contractual or unavoidable	15.1		15.1	16.2		16.2	17.3		17.3
Prevalence	12.4		12.4	12.4		12.4	12.4		12.4
Quality and outcomes	2.0		2.0	2.0		2.0	2.0		2.0
Core budget allocation uplift	(23.5)	(3.5)	(27.0)	(24.0)	(3.5)	(27.5)	(24.5)	(3.5)	(28.0)
Ministerial priorities allocation uplift	(11.4)		(11.4)	(11.5)		(11.5)	(11.6)		(11.6)
Continued non-recurrent benefit/Savings	-	(23.2)	(23.2)	-	(23.8)	(23.8)	-	(24.3)	(24.3)
Strategic and transformation savings	(26.2)		(26.2)	(22.6)		(22.6)	(13.8)		(13.8)
Financial Deficit	40.4	(26.7)	13.7	27.0	(27.3)	(0.3)	23.6	(27.8)	(4.2)
Proposed Trajectory Aim			14.0			0.0			0.0

Choices Framework; beyond the Financial Roadmap Assessment 2026-29

To go beyond the financial roadmap assessment framed, and further improve the financial trajectory, may require more significant and difficult changes. Consideration of strategic redesign options of the Health Boards service provision to remove costs, informed by cost variation analysis. These options have not been tested with operational colleagues and are acknowledged to be very challenging to progress.

Recognising the Health Board is currently providing x4 of a number of services across the acute hospital footprint, consideration of specific aspects of care provision has been made and potential cost estimates outlined below if services were redesigned to amalgamate front door care in respect of A&E and MIU, plus maternity services and associated out of hour support service provision.

These are estimated as options to save additional costs of care currently incurred by our Health Board of £7.45m in the table below. Radiology and Pathology out of hours costs are included on the basis that the medical take at that site ceased.

Site	A&E (£'m)	MIU (£'m)	Path on call (£'m)	Radiology on call (£'m)	Maternity (£'m)	Total (£'m)
Bronglais Hospital	0.98		0.45	0.45	0.95	2.83
Withybush Hospital	1.54		0.45	0.45		2.44
Prince Philip Hospital		2.18				2.18
Total	2.52	2.18	0.90	0.90	0.95	7.45

Choices Framework; beyond the Financial Roadmap

Assessment 2026-29

The greatest opportunity to release costs would be to close sites and release the full cost of enabling the site, inclusive of all support services and associated costs such as catering, portering, estates, annual rate charges etc.

All Wales reference cost data highlights Bronglais Hospital as our highest cost acute hospital site in respect of activity unit costs, comparing average unit costs to All Wales average numbers. High level estimate of circa £25m saving opportunity if the Health Board functioned with one less site, this figure would be dependent on operational detail in respect of service re-provision etc.

In respect of community sites, Llandovery Hospital costs approximately £2.3m annually to deliver 10-11 beds, approximately £0.2m per bed. If the site closed the total costs of the site could be released, not just the cost of the ward. Cost saving estimates from closing an acute hospital bed are closer to £0.1m, recognising the whole site wouldn't be closed. In respect of care re-provision, this would presumably be community based, a high-level conservative estimate would be £0.6m for the same number of beds. Net saving potential £1.7m.

South Pembrokeshire Hospital is a further site which has been referenced in the context of beds closure. The site currently provides Sunderland Ward 40 beds, and the suggestion has been to accommodate these within Withybush Hospital once the fire works are complete and current decant ward available. This site poses a challenge in respect of complete closure as a number of services are accommodated. As such the service re-provision would be more complex and likely more costly. Sunderland Ward initial saving £280k estimate, not currently reflected in blue saving scheme figures.

Changes of this scale would require the appropriate engagement and consultation processes with stakeholders. It is estimated that associated costs would not reduce until Year 3 (2028/29) at the earliest.



Appendices



Year 1

Financial Roadmap Assessment 2026-27 (Year 1)

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 #	2026/27 Financial Plan Assessment	Recurrent £'m	Non-Rec £'m	Total £'m
	2025/26 underlying deficit carried forward	58.5		58.5
1	Macro-economic inflation price modelling	13.5		13.5
2	Contractual or unavoidable	15.1		15.1
3	Prevalence	12.4		12.4
3	Quality and outcomes	2.0		2.0
4	Core budget allocation uplift	(23.5)	(3.5)	(27.0)
4	Ministerial priorities allocation uplift	(11.4)		(11.4)
5	Continued non-recurrent benefit/Savings	-	(23.2)	(23.2)
6	Strategic and transformation savings	(26.2)		(26.2)
2026-27 Financial Deficit		40.4	(26.7)	13.7

1. Macro-economic inflationary price modelling

Investment Description	Non- Recurrent Impact £'m	Recurrent Impact £'m	Total Impact £'m	Additional Comments
Acute drugs		3.5	3.5	
Primary Care prescribing		2.2	2.2	
Continuing Health Care (CHC)		4.2	4.2	
Real Living Wage		-	-	Costs included in CHC line
General goods and services (CPI)		1.9	1.9	
Fuels and Utilities		0.0	0.0	Will be included as part of CPI if no further updates from Service
Specific Consumables price	-	-	-	Included as part of CPI
Specific Contracts price	-	-	-	Included as part of CPI
Medical & Dental and Agenda for Change Pay Award and National Insurance uplift for vacancy factor		1.7	1.7	
Total		13.5	13.5	

2. Contractual or unavoidable investments

Investment Description	Non- Recurrent Impact £'m	Recurrent Impact £'m	Total Impact £'m	Additional Comments
JCC Price		15.1	15.1	Modelled using total LTA, SLA, JCC values
JCC Investments				
LTA NHS Wales Investments				
LTA NHS Wales Price				
LTA/SLA Other Non NHS Wales Price				
SLA NHS Wales Price				
SLA NHS Wales Investments				
NICE In-Year FYE Drugs				
NICE In-Year PYE Non-Drugs				
NICE New-Year PYE Drugs				
NICE New-Year PYE Non-Drugs				
Total		15.1	15.1	

3. Prevalence

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

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

3. Prevalence – further considerations

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

3a. Deployment of prevalence and quality and outcomes

Investment Description	Non-Recurrent Impact £'m	Recurrent Impact £'m	Total Impact £'m	Additional Comments
Prevalence assessment		12.4	12.4	
Quality and outcomes allocation		2.0	2.0	
Total assessment		14.4	14.4	
3b. Volume and mix growth		(2.1)	(2.1)	
3c. National investments		(1.2)	(1.2)	
3d. CSP		(1.8)	(1.8)	
3e. Other investments		(15.0)	(15.0)	
Total investment proposals		(20.1)	(20.1)	
Required decisions (reduce, avoid, defer)		(5.7)	(5.7)	

3b. Volume and mix growth

Investment Description	Non- Recurrent Impact £'m	Recurrent Impact £'m	Total Impact £'m	Additional Comments
Acute drugs		1.0	1.0	
Primary Care prescribing		0.6	0.6	
Continuing Health Care (CHC)		0.5	0.5	
Fuels and Utilities		TBC	TBC	
Medical & Dental and Agenda for Change spine point changes		TBC	TBC	
Total		2.1	2.1	

3c. National investment commitments

Investment Description	Non- Recurrent Impact £'m	Recurrent Impact £'m	Total Impact £'m	Additional Comments
LIMS / LINC system		0.2	0.2	Impact to be confirmed, email via DDOFs suggests pressure will be £1.2m, but could be £2.8m across all Health Boards if £1.6m funding not received HD share of £1.2m = £0.2m
Welsh Risk Pool		TBC		
National Resident Doctors pay reform		TBC		New pay structure to be implemented
NHS Wales hearing care: future approach for audiology services		1.0	1.0	1.0m per HB for 3 years
Climate Adaptation plan		TBC		Query if this is fully capital funded or revenue consequences
WJCC Risk Share changes to %s		TBC		WJCC updating, to be signed off by DoFs, assuming allocation adjustment
Total		1.2	1.2	Total excludes TBC

3d. Local investment choices – CSP Implementation Phase

Investment Description	Non- Recurrent Impact £'m	Recurrent Impact £'m	Total Impact £'m	Additional Comments
CSP Option 1		(0.5)	(0.5)	Costed with 5.5% 24/25, 3.6% inflation 25/26 and 3% thereafter
CSP Option 2		0.7	0.7	Costed with 5.5% 24/25, 3.6% inflation 25/26 and 3% thereafter
CSP Option 3		(0.5)	(0.5)	Costed with 5.5% 24/25, 3.6% inflation 25/26 and 3% thereafter
CSP Option 4		(0.4)	(0.4)	Costed with 5.5% 24/25, 3.6% inflation 25/26 and 3% thereafter
Inter hospital transfer estimate – relevant to all options		1.09	1.09	Costed with 5.5% 24/25, 3.6% inflation 25/26 and 3% thereafter
Total	Range £0.6m to £1.8m dependent on option, including hospital transfer estimate			

Key Commentary

- CSP is shown above based upon the options that were subject to consultation.
- CSP Implementation Phase (0-2 years) assume October 2026 start, 6 months cost in 2026/27
- Please note, these figures reflect OCP 1. Noting that there are references to OCP 2 and 3 within the Health Board, mindful of timescales to develop these plans, undertake the appropriate consultation etc these are not expected to have a financial impact within the 3 year period to 2028/29.

3e. Local investment choices – Other (1 of 2)

Investment Description	Non- Recurrent Impact £'m	Recurrent Impact £'m	Total Impact £'m	Additional Comments
GGH Theatres		TBC	TBC	Active review and assessment underway, investment case to follow. Initial focus GGH, likely to incorporate other sites. Expected to form part of 6 monthly Safe Staffing Level reviews going forward.
UEC pathway		5.2	5.2	7 Day SDEC (3 sites) and Clinical Streaming Hub
VBHC – Fracture Liaison Service		0.2	0.2	6 months
VBHC – Vascular Podiatry		0.1	0.1	4 months – rounded values will cover the full year effect
VBHC – Chronic Pain Management		0.5	0.5	Estimated cost pre full business case, challenge to fund from savings elsewhere in the pathway, potential cost pressure
VBHC – Health Coaches/Heart Failure		TBC	TBC	25/26 financial plan; NR saving 25/26, remains in reserves recurrently
Allowance for “must do” investments		5.0	5.0	Yet to be worked up detailed plans, i.e. 25A & 25B Safe Staffing Level reviews, diagnostics etc. Assume any Planned Care Recovery initiatives will attract WG funding.
Revenue costs of capital		TBC	TBC	This needs calculation
LinAc 5, plus SWWCC satellite in HD		1.0	1.0	Assumes 50/50 of 5th Linac business case with Swansea Bay, business case approved in principle, 6th and 7th LinAc plans in progress.
Sub-total		12.0	12.0	Sub-total excludes costs TBC

3e. Local investment choices – Other (2 of 2)

Investment Description	Non- Recurrent Impact £'m	Recurrent Impact £'m	Total Impact £'m	Additional Comments
Bronglais and Glangwili - Fire Wardens		0.4	0.4	Investment approval panel June 2025
MHLD - NSA 25A Wards		1.2	1.2	Funded in 25/26 by medical training allocation R/NR
Neurodevelopmental sustainability		TBC	TBC	
Chief Executive realignment of pay budgets		0.1	0.1	Value of recurrent funding to ensure pay budgets are aligned
Community Health Pathways		0.1	0.1	Funding reducing in 26-27, decision whether this service continues? CHOICE
Pentre Awel / Carmarthen Hwb / Car parking for Hwb / HQ		1.2	1.2	Revenue costs of accommodation moves (estimate)
Sub-total		3.0	3.0	Sub-total excludes costs TBC
Total		15.0	15.0	Total excludes costs TBC

4. Core budget and ministerial priorities allocation uplift

Uplift Description	Non-Recurrent Impact £'m	Recurrent Impact Scenario 1 £'m	Total Impact £'m	Additional Comments
Core budget funding - Scenario 1		(23.5)	(23.5)	See slide 4a for breakdown and assumptions, based on 2.3% (excluding pay awards)
Ministerial priorities funding		(11.4)	(11.4)	See slide 4a-c for breakdown and assumptions, based on 1%
Real Living Wage	(2.3)		(2.3)	Based on 25/26 allocation, non recurrent allocation expected
Medical Training uplift	(1.2)		(1.2)	Assumed annual NR funding
Total	(3.5)	(34.9)	(38.4)	

Key Commentary

- Assumed that WG will fund pay awards in full, from the total settlement included within in the 2025 Spending Review.
- The allocation uplift used in the modelling is 4.8% per the NHS Confederation Spending Review , scenario 1 ref 4a
- Illustration of inflation funded per 2024-25 levels is set out in ref 4b, scenario 2, result will be reduction of £3.4m
- No additional funding for inflation will result in funding being reduced by £24.0m, as set out in ref 4c, scenario 3

4a. Core budget and ministerial priorities allocation uplift - Scenario 1

The detail below summarises the calculated estimate of future recurrent funding based on UK Government Spending Review 11 June 2025 of 2.8% funding above inflation. Forward projection of inflation is 2%, therefore **total uplift of 4.8% assumed**.

WG funding calculation	£'000	%	Comments / Assumptions
Total Expected WG funding uplift	54,748	4.8%	Based on 4.8% of the 25/26 Resource Allocation of £1,140m
<i>Allocated as follows:</i>			
Pay award uplift estimated	19,865	1.7%	Based on 3% of total pay costs of £662m
Ministerial Priorities and ringfenced budgets	11,406	1.0%	Top-sliced by WG to cover ringfence budgets and Ministerial priorities. Assumed that any balance will be used to make good ringfence / project costs funded only on a non-recurrent basis e.g. RIF. Costs all assumed in Prevalence, Quality & Outcomes
Inflationary pressures 26-27	23,477	2.1%	To cover macro-economic inflationary and growth rises
Total	54,748	4.8%	

Key Commentary

- Assumed that WG will fund pay awards in full, from the total settlement included within in the 2025 Spending Review.
- NHS Confederation responded to Spending Review stating: the 2.8 per cent increase to the DHSC budget over the course of the Spending Review period is generous compared to other departmental budgets in a difficult fiscal environment. However, the announcement falls short of the historic 3.6 per cent increase, and short of the Health Foundation's 4 per cent target we called for to restore services over the coming decade.

4b. Core budget and ministerial priorities allocation uplift – Scenario 2

Assumed same rate of inflationary funding as 2025/26

WG funding calculation	£'000	%	Comments / Assumptions
Total Expected WG funding uplift	51,326	4.4%	Based on 4.4% of the 25/26 Resource Allocation of £1,140m
<i>Allocated as follows:</i>			
Pay award uplift estimated	19,865	1.7%	Based on 3% of total pay costs of £662m
Ministerial Priorities and ringfenced budgets	11,406	1.0%	Top-sliced by WG to cover ringfence budgets and Ministerial priorities. Assumed that any balance will be used to make good ringfence / project costs funded only on a non-recurrent basis e.g. RIF. Costs all assumed in Prevalence, Quality & Outcomes
Inflationary pressures 26-27	20,055	1.7%	Funding assumption based on 2024-25 macro-economic inflationary and growth rises
Total	51,326	4.4%	

Key Commentary

- Assumed that WG will fund pay awards in full
- Assumed WG will continue to fund Ministerial Priorities
- Assumed WG will continue to fund inflationary rises, but based on 2024-25 funding of 1.77%

4c. Core budget and ministerial priorities allocation uplift – Scenario 3

WG funding calculation	£'000	%	Comments / Assumptions
Total Expected WG funding uplift	30,796	2.7%	Based on 2.7% of the 25/26 Resource Allocation of £1,140m
<i>Allocated as follows:</i>			
Pay award uplift estimated	19,865	1.7%	Based on 3% of total pay costs of £662m
Ministerial Priorities and ringfenced budgets	11,406	1.0%	Top-sliced by WG to cover ringfence budgets and Ministerial priorities. Assumed that any balance will be used to make good ringfence / project costs funded only on a non-recurrent basis e.g. RIF. Costs all assumed in Prevalence, Quality & Outcomes
Inflationary pressures 26-27	-	0.0%	To cover macro-economic inflationary and growth rises
Total	30.796	2.7%	

Key Commentary

- Assumed that WG will fund pay awards in full
- Assumed WG will continue to fund Ministerial Priorities
- Assumed WG **will not** provide anything to cover macro-economic inflationary and growth rises

6. Total of savings themes 2026/27

Savings assessment considers savings already put forward by CCGs plus considers areas of savings that should be targeted based on current spend pressures and delivery

Themes	£'m
Theme 1: Hospital Bed Provision & Alternative Care Models	8.0
Theme 2: Workforce Optimisation	5.2
Theme 3: Non Pay	9.4
Theme 4: Efficiency, productivity and clinical variation	0.0
Theme 5: Clinical Services	3.6
Total	26.2

6a. Red/Blue savings reconciliation

Savings reconciliation shows the movement of red/blue savings between June 2025 and September 2025 with some schemes progressing to green and others being ruled out as savings opportunities and being closed.

Month 3 BRAG Rating	£'m	Month 6 BRAG Rating	£'m	Change £'m
Green conversion				
Red	1.0	Green	1.0	0.0
Blue	0.5	Green	0.1	(0.4)
Total	1.5	Total Green schemes	1.1	(0.4)
Red conversion				
Red	10.8	Red	10.9	0.1
Total	10.8	Total Red schemes	10.9	0.1
Blue conversion				
Red	0.2	Blue	0.2	-
Blue	0.5	Blue	0.5	-
Total	0.7	Total Blue schemes	0.7	-
Closed schemes				
Red	1.4	Closed	-	(1.4)
Blue	1.5	Closed	-	(1.5)
Total	2.9	Total Closed schemes	-	(2.9)
Grand Total	16.0		26.2	(3.2)

6b. Saving theme breakdown 2026-27 (1 of 3)

Theme 1: Hospital bed provision and alternative care models, beyond CSP		£'m
Existing Blue & Red saving schemes	High value schemes re. MIU and community beds/estate	3.0
Patient Flow: bed base reduction		5.0
Total		8.0

Theme 2: Workforce optimisation		£'m
Existing Blue & Red saving schemes	High value schemes re. Planned Care medical workforce, theatres IEN	0.3
Medical staffing	Medical staffing temporary staffing costs are running at circa £22m per annum if we can remove 25% of this cost over 3 years this is £1.8m per annum	1.8
Agenda for change staff overtime	AfC staff overtime is running at £8m per annum, if we can take 25% of this cost out of the system over 3 years this is £0.66m per annum	0.7
Admin & Clerical	211 increase since Covid, reduce by two thirds	2.4
Total		5.2

6b. Saving theme breakdown 2026-27 (2 of 3)

Theme 3: Non pay		£'m
Existing Blue & Red saving schemes	Schemes re. Medicines management and Local Authority costs	0.6
Medicines management	Primary and Secondary Care drugs costs FOT 205/26 is £162m a 3% YoY saving would be £4.8m per annum	4.8
Estates & Facilities	Closing of 2025/26 savings gap	1.0
Procurement non pay savings		1.5
Commercial income opportunities	E.g. Catering and site retail opportunities, all external/private service provision	0.3
Clinical income opportunities - current service provision	LTA/private/overseas patient activity capture and charges	0.7
Clinical income opportunities - additional service provision	Provide additional services to other health bodies re. planned care, dependent on local demand and capacity position	0.5
Total		8.0

6b. Saving theme breakdown 2026-27 (3 of 3)

Theme 4: Efficiency, productivity and clinical variation		£'m
Existing Blue & Red saving schemes		-
Digital enablers - no direct cash releasing savings	EPMA rollout - to support Medicines management savings	-
	Patient Flow - to support bed release	-
	Consultant Connect - improved pathways and patient outcomes, productivity gain. (Benefits already in financial position since Jun24)	-
	Health Pathways - improved pathways and patient outcomes, productivity gain	-
Total		-

Theme 5: Clinical Services		£'m
Existing Blue & Red saving schemes	Schemes re. Pathology OOH and outsourcing	0.6
Velindre LTA	Rebase drug spend to outturn	0.5
NWJCC national decommissioning	NWJCC approximately £144m attracts disproportionate funding uplift year on year, requires review of services	2.0
Alternative models of care/service delivery	Consider alternative means of service provision e.g. managed service model	0.5
Total		3.6



Year 2

Financial Roadmap Assessment 2027-28 (Year 2)

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 #	2027/28 Financial Plan Assessment	Recurrent £'m	Non-Rec £'m	Total £'m
	2026/27 underlying deficit carried forward	40.4		40.4
1	Macro-economic inflation price modelling	14.1		14.1
2	Contractual or unavoidable	16.2		16.2
3	Prevalence	12.4		12.4
3	Quality and outcomes	2.0		2.0
4	Core budget allocation uplift	(24.0)	(3.5)	(27.5)
4	Ministerial priorities allocation uplift	(11.5)		(11.5)
5	Continued non-recurrent benefit/Savings		(23.8)	(23.8)
6	Strategic and transformation savings	(22.6)		(22.6)
2027-28 Financial Deficit		27.0	(27.3)	(0.3)

1. Macro-economic inflationary price modelling

Investment Description	Non-Recurrent Impact £'m	Recurrent Impact £'m	Total Impact £'m	Additional Comments
Acute drugs		3.7	3.7	
Primary Care prescribing		2.2	2.2	
Continuing Health Care (CHC)		4.5	4.5	
Real Living Wage		-	-	
General goods and services (CPI)		1.9	1.9	
Fuels and Utilities		-	-	
Specific Consumables price		-	-	Included in CPI figure for modelling
Specific Contracts price		-	-	Included in CPI figure for modelling
Medical & Dental and Agenda for Change Pay Award and National Insurance uplift for vacancy factor		1.8	1.8	
Total		14.1	14.1	

2. Contractual or unavoidable investments

Investment Description	Non- Recurrent Impact £'m	Recurrent Impact £'m	Total Impact £'m	Additional Comments
JCC Price		16.2	16.2	Modelled using total LTA, SLA, JCC values
JCC Investments				
LTA NHS Wales Investments				
LTA NHS Wales Price				
LTA/SLA Other Non NHS Wales Price				
SLA NHS Wales Price				
SLA NHS Wales Investments				
NICE In-Year FYE Drugs				
NICE In-Year PYE Non-Drugs				
NICE New-Year PYE Drugs				
NICE New-Year PYE Non-Drugs				
Total		16.2	16.2	

3. Prevalence

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

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

3a. Deployment of prevalence and quality and outcomes

Investment Description	Non- Recurrent Impact £'m	Recurrent Impact £'m	Total Impact £'m	Additional Comments
Prevalence assessment		12.4	12.4	
Quality and outcomes allocation		2.0	2.0	
Total assessment		14.4	14.4	
3b. Volume and mix growth		(2.2)	(2.2)	
3c. National investments		0.0	0.0	
3d. CSP		(1.9)	(1.9)	
3e. Other investments		(5.2)	(5.2)	
Total investment proposals		(9.3)	(9.3)	
Required decisions		5.1	5.1	

3b. Volume and mix growth modelling

Investment Description	Non- Recurrent Impact £'m	Recurrent Impact £'m	Total Impact £'m	Additional Comments
Acute drugs		1.1	1.1	
Primary Care prescribing		0.6	0.6	
Continuing Health Care (CHC)		0.5	0.5	
Fuels and Utilities		TBC	TBC	
Medical & Dental and Agenda for Change spine point changes		TBC	TBC	
Total		2.2	2.2	

3d. Local investment choices – CSP FYE Implementation Phase

Investment Description	Non- Recurrent Impact £'m	Recurrent Impact £'m	Total Impact £'m	Additional Comments
CSP Option 1		(0.6)	(0.6)	In year cost increase above 2026/27 and applies 3% inflation
CSP Option 2		0.7	0.7	In year cost increase above 2026/27 and applies 3% inflation
CSP Option 3		(0.5)	(0.5)	In year cost increase above 2026/27 and applies 3% inflation
CSP Option 4		(0.4)	(0.4)	In year cost increase above 2026/27 and applies 3% inflation
Inter hospital transfer estimate – relevant to all options		1.2	1.2	In year cost increase above 2026/27 and applies 3% inflation
Total	Range £0.4m to £1.9m dependent on option, including hospital transfer estimate			

Key Commentary

- CSP (Full year implementation phase, increased costs in 2027/28 on 2026/27).
- Please note, these figures reflect OCP 1. Noting that there are references to OCP 2 and 3 within the Health Board, mindful of timescales to develop these plans, undertake the appropriate consultation etc these are not expected to have a financial impact within the 3 year period to 2028/29.

3e. Local investment choices – Other

Investment Description	Non- Recurrent Impact £'m	Recurrent Impact £'m	Total Impact £'m	Additional Comments
VBHC – Fracture Liaison Service		0.2	0.2	Full year effect of funding required (Year 1, 6 months)
VBHC – Vascular Podiatry		0.0	0.0	Year 1 funding rounded covers FYE requirement
Allowance for “must do” investments		5.0	5.0	Yet to be worked up detailed plans, i.e. 25A & 25B Safe Staffing Level reviews, diagnostics etc. Assume any Planned Care Recovery initiatives will attract WG funding.
Revenue cost of capital		TBC	TBC	This needs to be calculated
Total		5.2	5.2	The total excludes costs TBC

4. Budget allocation uplift

Uplift Description	Non- Recurrent Impact £'m	Recurrent Impact £'m	Total Impact £'m	Additional Comments
Core budget funding		(24.0)	(24.0)	See slide 7b for breakdown and assumptions. Based on 2.3% (excluding pay awards)
Ministerial priorities funding		(11.5)	(11.5)	See slide 7b for breakdown and assumptions. Based on 1% of total uplift
Real Living Wage	(2.3)		(2.3)	Based on 25/26 allocation, non recurrent allocation expected year on year
Medical Training uplift	(1.2)		(1.2)	Assumed annual NR funding
Total	(3.5)	(35.5)	(39.0)	

Key Commentary

- Assumed that WG will fund pay awards in full, from the total settlement included within in the 2025 Spending Review.
- The allocation uplift used in the modelling year 2 is 4.8% per the NHS Confederation Spending Review , scenario 1 ref 4a
- If funding is reduced per the illustration on Year 1 scenario 2 and scenario 3, there will be a consequential impact on year 2 and year 3

4a. Core budget and ministerial priorities allocation uplift

The detail below summarises the calculated estimate of future recurrent funding based on UK Government Spending Review 11 June 2025 of 2.8% funding above inflation. Forward projection of inflation is 2%, therefore total uplift of 4.8% assumed.

WG funding calculation	£'000	%	Comments / Assumptions
Total Expected WG funding uplift	55,691	4.8%	Based on 4.8% of the 25/26 Resource Allocation of £1,140m
<i>Allocated as follows:</i>			
Pay award uplift estimated	20,211	1.7%	Based on 3% of total pay costs of £662m in Year 1
Ministerial Priorities and ringfenced budgets	11,520	1.0%	Top-sliced by WG to cover ringfence budgets and Ministerial priorities. Assumed that any balance will be used to make good ringfence / project costs funded only on a non-recurrent basis e.g. RIF. Costs all assumed in Prevalence, Quality & Outcomes
Inflationary pressures 27-28	23,960	2.1%	To cover macro-economic inflationary and growth rises
Total	55,691	4.8%	

Key Commentary

- Assumed that WG will fund pay awards in full, from the total settlement included within in the 2025 Spending Review.
- NHS Confederation responded to Spending Review stating: the 2.8 per cent increase to the DHSC budget over the course of the Spending Review period is generous compared to other departmental budgets in a difficult fiscal environment. However, the announcement falls short of the historic 3.6 per cent increase, and short of the Health Foundation's 4 per cent target we called for to restore services over the coming decade.

6. Total of savings themes 2027/28

Savings assessment considers savings already put forward by CCGs plus considers areas of savings that should be targeted based on current spend pressures and delivery

Themes	£'m
Theme 1: Hospital Bed Provision & Alternative Care Models	9.9
Theme 2: Workforce Optimisation	4.9
Theme 3: Non Pay	6.3
Theme 4: Efficiency, productivity and clinical variation	0.0
Theme 5: Clinical Services	1.6
Total	22.6

6b. Saving theme breakdown 2027-28 (1 of 3)

Theme 1: Hospital bed provision and alternative care models, beyond CSP		£'m
Existing Blue & Red saving schemes	High value schemes re. MIU and community beds/estate	4.9
Patient Flow: bed base reduction		5.0
Total		9.9

Theme 2: Workforce optimisation		£'m
Existing Blue & Red saving schemes	High value schemes re. Planned Care medical workforce, theatres IEN	-
Medical staffing	Medical staffing temporary staffing costs are running at circa £22m per annum if we can remove 25% of this cost over 3 years this is £1.8m per annum	1.8
Agenda for change staff overtime	AfC staff overtime is running at £8m per annum, if we can take 25% of this cost out of the system over 3 years this is £0.66m per annum	0.7
Admin & Clerical	211 increase since Covid, reduce by two thirds	2.4
Total		4.9

6b. Saving theme breakdown 2027-28 (2 of 3)

Theme 3: Non pay		£'m
Existing Blue & Red saving schemes	Schemes re. Medicines management and Local Authority costs	-
Medicines management	Primary and Secondary Care drugs costs FOT 205/26 is £162m a 3% YoY saving would be £4.8m per annum	4.8
Estates & Facilities	Closing of 2025/26 savings gap	-
Procurement non pay savings		1.5
Commercial income opportunities	E.g. Catering and site retail opportunities, all external/private service provision	-
Clinical income opportunities - current service provision	LTA/private/overseas patient activity capture and charges	-
Clinical income opportunities - additional service provision	Provide additional services to other health bodies re. planned care, dependent on local demand and capacity position	-
Total		6.3

6b. Saving theme breakdown 2027-28 (3 of 3)

Theme 4: Efficiency, productivity and clinical variation		£'m
Existing Blue & Red saving schemes		-
Digital enablers - no direct cash releasing savings	EPMA rollout - to support Medicines management savings	-
	Patient Flow - to support bed release	-
	Consultant Connect - improved pathways and patient outcomes, productivity gain. (Benefits already in financial position since Jun24)	-
	Health Pathways - improved pathways and patient outcomes, productivity gain	-
Total		-

Theme 5: Clinical Services		£'m
Existing Blue & Red saving schemes	Schemes re. Pathology OOH and outsourcing	1.6
Velindre LTA	Rebase drug spend to outturn	-
NWJCC national decommissioning	NWJCC approximately £144m attracts disproportionate funding uplift year on year, requires review of services	-
Alternative models of care/service delivery	Consider alternative means of service provision e.g. managed service model	-
Total		1.6



Year 3

Financial Roadmap Assessment 2028-29 (Year 3)

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 #	2028/29 Financial Plan Assessment	Recurrent £'m	Non-Rec £'m	Total £'m
	2027/28 underlying deficit carried forward	27.0		27.0
1	Macro-economic inflation price modelling	14.8		14.8
2	Contractual or unavoidable	17.3		17.3
3	Prevalence	12.4		12.4
3	Quality and outcomes	2.0		2.0
4	Core budget allocation uplift	(24.5)	(3.5)	(28.0)
4	Ministerial priorities allocation uplift	(11.6)		(11.6)
5	Continued non-recurrent benefit/Savings		(24.3)	(24.3)
6	Strategic and transformation savings	(13.8)		(13.8)
2028-29 Financial Deficit		23.6	(27.8)	(4.2)

1. Macro-economic inflationary price modelling

Investment Description	Non- Recurrent Impact £'m	Recurrent Impact £'m	Total Impact £'m	Additional Comments
Acute drugs		3.9	3.9	
Primary Care prescribing		2.3	2.3	
Continuing Health Care (CHC)		4.8	4.8	
Real Living Wage		-	-	
General goods and services (CPI)		2.0	2.0	
Fuels and Utilities		-	-	
Specific Consumables price		-	-	Included in CPI figure for modelling
Specific Contracts price		-	-	Included in CPI figure for modelling
Medical & Dental and Agenda for Change Pay Award and National Insurance uplift for vacancy factor		1.8	1.8	
Total		14.8	14.8	

2. Contractual or unavoidable investments

Investment Description	Non- Recurrent Impact £'m	Recurrent Impact £'m	Total Impact £'m	Additional Comments
JCC Price		17.3	17.3	Modelled using total LTA, SLA, JCC values
JCC Investments				
LTA NHS Wales Investments				
LTA NHS Wales Price				
LTA/SLA Other Non NHS Wales Price				
SLA NHS Wales Price				
SLA NHS Wales Investments				
NICE In-Year FYE Drugs				
NICE In-Year PYE Non-Drugs				
NICE New-Year PYE Drugs				
NICE New-Year PYE Non-Drugs				
Total		17.3	17.3	

3. Prevalence

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

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

3a. Deployment of prevalence and quality and outcomes

Investment Description	Non- Recurrent Impact £'m	Recurrent Impact £'m	Total Impact £'m	Additional Comments
Prevalence assessment		12.4	12.4	
Quality and outcomes allocation		2.0	2.0	
Total assessment		14.4	14.4	
3b. Volume and mix growth		(2.3)	(2.3)	
3c. National investments		0.0	0.0	
3d. CSP		(4.3)	(4.3)	
3e. Other investments		(5.0)	(5.0)	
Total investment proposals		(11.6)	(11.6)	
Required decisions		2.8	2.8	

3b. Volume and mix growth modelling

Investment Description	Non- Recurrent Impact £'m	Recurrent Impact £'m	Total Impact £'m	Additional Comments
Acute drugs		1.2	1.2	
Primary Care prescribing		0.6	0.6	
Continuing Health Care (CHC)		0.5	0.5	
Fuels and Utilities		TBC	TBC	
Medical & Dental and Agenda for Change spine point changes		TBC	TBC	
Total		2.3	2.3	

3c. National investment Commitments

Investment Description	Non- Recurrent Impact £'m	Recurrent Impact £'m	Total Impact £'m	Additional Comments
TBC				
Total				

3d. Local investment choices – CSP Improvement Phase

Investment Description	Non-Recurrent Impact £'m	Recurrent Impact £'m	Total Impact £'m	Additional Comments
CSP Option 1		3.6	3.6	The increase in costs on 2027/28
CSP Option 2		2.0	2.0	The increase in costs on 2027/28
CSP Option 3		4.0	4.0	The increase in costs on 2027/28
CSP Option 4		4.3	4.3	The increase in costs on 2027/28
Inter hospital transfer estimate – relevant to all options		0.1	0.1	3% inflation applied
Total	Dependent on option pursued and improvement decisions taken, maximum £4.3m, including hospital transfer estimate			

Key Commentary

- CSP Improvement Phase (years 2-4) – 6 month implementation + 6 month improvement, the increase costs in 2028/29 on 2027/28, including 3% inflation
- Please note, these figures reflect OCP 1. Noting that there are references to OCP 2 and 3 within the Health Board, mindful of timescales to develop these plans, undertake the appropriate consultation etc these are not expected to have a financial impact within the 3 year period to 2028/29.

3d. Local investment choices – Other

Investment Description	Non- Recurrent Impact £'m	Recurrent Impact £'m	Total Impact £'m	Additional Comments
Allowance for “must do” investments		5.0	5.0	Yet to be worked up detailed plans, i.e. 25A & 25B Safe Staffing Level reviews, diagnostics etc. Assume any Planned Care Recovery initiatives will attract WG funding.
Revenue cost of capital		TBC	TBC	This needs calculating
Total		5.0	5.0	The total excludes costs TBC

4. Budget allocation uplift

Uplift Description	Non- Recurrent Impact £'m	Recurrent Impact £'m	Total Impact £'m	Additional Comments
Core budget funding		(24.5)	(24.5)	See slide 4a for breakdown and assumptions. Based on 2.3% (excluding pay awards)
Ministerial priorities funding		(11.6)	(11.6)	See slide 4a for breakdown and assumptions. Based on 1% of total uplift
Real Living Wage	(2.3)		(2.3)	Based on 25/26 allocation, non recurrent allocation expected year on year
Medical Training uplift	(1.2)		(1.2)	Assumed annual NR funding
Total	(3.5)	(36.1)	(39.6)	

Key Commentary

- Assumed that WG will fund pay awards in full, from the total settlement included within in the 2025 Spending Review.
- The allocation uplift used in the modelling year 3 is 4.8% per the NHS Confederation Spending Review , scenario 1 ref 4a
- If funding is reduced per the illustration on Year 1 scenario 2 and scenario 3, there will be a consequential impact on year 2 and year 3

4a. Core budget and ministerial priorities allocation uplift

The detail below summarises the calculated estimate of future recurrent funding based on UK Government Spending Review 11 June 2025 of 2.8% funding above inflation. Forward projection of inflation is 2%, therefore total uplift of 4.8% assumed.

WG funding calculation	£'000	%	Comments / Assumptions
Total Expected WG funding uplift	56,652	4.8%	Based on 4.8% of the 25/26 Resource Allocation of £1,140m
<i>Allocated as follows:</i>			
Pay award uplift estimated	20,563	1.7%	Based on 3% of total pay costs of £662m in year 1
Ministerial Priorities and ringfenced budgets	11,635	1.0%	Top-sliced by WG to cover ringfence budgets and Ministerial priorities. Assumed that any balance will be used to make good ringfence / project costs funded only on a non-recurrent basis e.g. RIF. Costs all assumed in Prevalence, Quality & Outcomes
Inflationary pressures 28-29	24,454	2.1%	To cover macro-economic inflationary and growth rises
Total	56,652	4.8%	

Key Commentary

- Assumed that WG will fund pay awards in full, from the total settlement included within in the 2025 Spending Review.
- NHS Confederation responded to Spending Review stating: the 2.8 per cent increase to the DHSC budget over the course of the Spending Review period is generous compared to other departmental budgets in a difficult fiscal environment. However, the announcement falls short of the historic 3.6 per cent increase, and short of the Health Foundation's 4 per cent target we called for to restore services over the coming decade.

6. Total of savings themes 2028/29

Savings assessment considers savings already put forward by CCGs plus considers areas of savings that should be targeted based on current spend pressures and delivery

Themes	£'m
Theme 1: Hospital Bed Provision & Alternative Care Models	5.0
Theme 2: Workforce Optimisation	2.5
Theme 3: Non Pay	6.3
Theme 4: Efficiency, productivity and clinical variation	0.0
Theme 5: Clinical Services	0.0
Total	13.8

6b. Saving theme breakdown 2028-29 (1 of 3)

Theme 1: Hospital bed provision and alternative care models, beyond CSP		£'m
Existing Blue & Red saving schemes	High value schemes re. MIU and community beds/estate	-
Patient Flow: bed base reduction		5.0
Total		5.0

Theme 2: Workforce optimisation		£'m
Existing Blue & Red saving schemes	High value schemes re. Planned Care medical workforce, theatres IEN	-
Medical staffing	Medical staffing temporary staffing costs are running at circa £22m per annum if we can remove 25% of this cost over 3 years this is £1.8m per annum	1.8
Agenda for change staff overtime	AfC staff overtime is running at £8m per annum, if we can take 25% of this cost out of the system over 3 years this is £0.66m per annum	0.7
Admin & Clerical	211 increase since Covid, reduce by two thirds	-
Total		2.5

6b. Saving theme breakdown 2028-29 (2 of 3)

Theme 3: Non pay		£'m
Existing Blue & Red saving schemes	Schemes re. Medicines management and Local Authority costs	-
Medicines management	Primary and Secondary Care drugs costs FOT 205/26 is £162m a 3% YoY saving would be £4.8m per annum	4.8
Estates & Facilities	Closing of 2025/26 savings gap	-
Procurement non pay savings		1.5
Commercial income opportunities	E.g. Catering and site retail opportunities, all external/private service provision	-
Clinical income opportunities - current service provision	LTA/private/overseas patient activity capture and charges	-
Clinical income opportunities - additional service provision	Provide additional services to other health bodies re. planned care, dependent on local demand and capacity position	-
Total		6.3

6b. Saving theme breakdown 2028-29 (3 of 3)

Theme 4: Efficiency, productivity and clinical variation		£'m
Existing Blue & Red saving schemes		-
Digital enablers - no direct cash releasing savings	EPMA rollout - to support Medicines management savings	-
	Patient Flow - to support bed release	-
	Consultant Connect - improved pathways and patient outcomes, productivity gain. (Benefits already in financial position since Jun24)	-
	Health Pathways - improved pathways and patient outcomes, productivity gain	-
Total		-

Theme 5: Clinical Services		£'m
Existing Blue & Red saving schemes	Schemes re. Pathology OOH and outsourcing	-
Velindre LTA	Rebase drug spend to outturn	-
NWJCC national decommissioning	NWJCC approximately £144m attracts disproportionate funding uplift year on year, requires review of services	-
Alternative models of care/service delivery	Consider alternative means of service provision e.g. managed service model	-
Total		-