



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

<b>DYDDIAD Y CYFARFOD: DATE OF MEETING:</b>	26 August 2025
<b>TEITL YR ADRODDIAD: TITLE OF REPORT:</b>	M4 Financial Performance Assurance Report Appendix 2: Options to Achieve £24m
<b>CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:</b>	Huw Thomas, Director of Finance
<b>SWYDDOG ADRODD: REPORTING OFFICER:</b>	Siân Jenkins, Deputy Director of Finance

**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

At the Board meeting on 31 July 2025 a list of options was presented which framed potential routes to curtail spend in a bid to improve the financial forecast outturn for 2025/26 to £24m. This paper provides an update on progress in assessing these options in respect of Quality Impact Assessments (QIAs) and associated financial assessment by budget holders.

Cefndir / Background

Following further correspondence between Welsh Government (WG) and the Health Board, the Chief Executive wrote to the Director General Health, Social Care and Early Years Group, setting out the approach and timeline to reviewing further financial improvements aspiring to achieve the WG expectation of maintaining the 2024/25 financial outturn for 2025/26.

This is summarised as follows with the Board having tasked the Executives with providing updated financial options with an integrated impact assessment for each of the further opportunity improvements listed in the £22.5m expenditure grouped options shared with the Board in the meeting on 31 July 2025, by:

- **15 August** – deadline for Executives to submit their integrated impact assessment for their assigned themes and the revised and refined financial impacts/opportunities
- **18 August** – papers issued, inclusive of these further improvement options, for Finance and Performance Committee
- **26 August** – Finance and Performance Committee to scrutinise and consider the options put forward by Executives
- **9 September** – In-Committee Board to review Executives recommendations and conclude forward actions
- **11 September** – CEO to write to Director General with an update on progress made towards the 2024/25 outturn

- **11 September** – Finance team to submit updated Savings plans, as agreed by the organisation and in-line with Welsh Government definitions, as part of the Month 5 reporting submission

Since the Board meeting on 31 July 2025, dialogue and correspondence with WG has progressed. The latest letter from the Director General is included at the end of this document for awareness.

The Health Board is required to provide confirmation by 11 September 2025, aligned with the Month 5 monitoring return submission, demonstrating 100% confidence in savings and mitigating actions to deliver the expected outturn position. A meeting has been scheduled for 11 September at Cathays Park where the following must be presented:

- Month 5 monitoring submission with detailed actions to deliver £24.0m deficit
- Detailed actions and confidence assessment for all savings and mitigations
- Assessment of all currently uncommitted expenditure with monthly profile
- Breakdown of non-delivery areas against initial plan with mitigating actions
- Any discretionary choices being made by the Board and their impact on delivery
- Detail of expenditure control mechanisms supporting an improving run rate

## Asesiad / Assessment

In line with the steps framed to the Board in July, budget holders were tasked with completing a Quality Impact Assessment (QIA) and financial assessments to develop the understanding of impacts associated with the list of cost reducing options totalling £22.5m. The deadline for receipt of updates was 15 August 2025.

Tables 1 and 2 frame the results to date.

The volume of QIAs involved is extensive and an initial QIA panel convened 18 August 2025; a second panel is scheduled for the afternoon 26 August 2025 to complete the exercise. Recognising that services will approach this assessment with caution and will have a reluctance to compromise patient care and performance, it is apparent that the majority of options generate a negative impact through the QIA process which has limited the associated financial savings to support the £24m ask.

**Table 1: Statement of QIA responses and QIA Panel discussions to date**

	QIA Submission	QIA Panel 15/08/2025	QIA Panel 26/08/2025	QIA Panel Feedback	Finance Assessment	Financial Opportunity £000
<b>Chief Executive</b>	Partial	No	Yes		Yes	142
<b>Chief Operating Officer</b>						
Chief Operating Officer Management	No	No	No		No	No submission
Community and Integrated Medicine	Yes	No	Yes		No	No submission
Mental Health and Learning Disabilities	Yes	Yes	N/A	Rejected or status quo	No	No submission
Operational Allied Health and Health Sciences	Yes	Yes	N/A	Rejected or status quo	Yes	0
Planned and Specialist Care	Yes	Yes	N/A	Rejected or status quo	Yes	0
Primary Care, Community Strategy and Long Term Care	Yes	No	Yes		No	No submission
<b>Executive Director of Allied Health Professions and Health Sciences</b>						
Estates and Facilities	No	No	Yes		No	No submission
Executive Allied Health Professions and Health Sciences	No	No	No		No	No submission
<b>Executive Director of Finance</b>						
Digital	Yes	No	Yes		Yes	0
Finance	Yes	No	Yes		Yes	76
<b>Executive Director of Nursing, Quality and Patient Experience</b>	No	No	No		No	No submission
<b>Executive Director of Public Health</b>	No	No	Yes		Yes	122
<b>Executive Director of Strategy and Planning</b>						
LTAs with other NHS Providers	Yes	No	Yes		Yes	70
Strategy and Planning	Yes	Yes	N/A	Requested further info	No	No submission
<b>Executive Director of Workforce and Organisational Development</b>	Yes	Yes	N/A	Inconclusive	No	No submission
<b>Executive Medical Director</b>	Yes	Yes	N/A	Supported	Yes	100
<b>Health Board Wide</b>	Yes	No	Yes		Yes	224

**Table 2: Statement of the financial opportunity framed to date, noting that the QIA Panel has yet to review some submissions which currently frame a financial opportunity.**

Scheme	Original Opportunity £000	BH Assessed Opportunity £000	QIA Comments/Status
Pause all overtime (1)	5,100		QIA Panel - need patient facing/non-patient facing split, have existing processes, reduce rather than eliminate
Reduce / eliminate on-contract agency (2)	4,900		QIA Panel - have existing processes, reduce rather than eliminate
Recruitment freeze – non-patient-facing roles (3)	2,188	319	QIA Panel - patient facing via FCSG, non-clinical variable depending on the role
MHLD: delay recruitment to approved posts (4)	1,900		QIA Panel - negative impact, not supported
Non-renewal of contracts / licences (5)	1,300		Digital QIA assessment - negative impact, rejected. QIA panel to review
Pause Radiology activity increases (6)	1,300		QIA Panel - negative impact, not supported
Delay NICE drugs implementation to 26/27 (7)	1,300		QIA Panel to review submission 26/08/25
MHLD: pause neuro-developmental outsourcing (8)	600		QIA Panel - negative impact, not supported
Reduce Strategic Planning budget (9)	500		QIA Panel - not conclusive, further information required
Recovery Plan / WL funding to cost of delivery (10)	500		QIA Panel - negative impact, not supported
Local-authority shared costs – respite care (11)	450		QIA Panel - not conclusive, further information required
Reduce / eliminate off-contract agency (12)	450		QIA Panel - support elimination of off-contract agency with exceptions via FCSG process. Latest position - no off-contract agency across the Health Board, confirming this is reflected in forecasts for M05 reporting.
Equipment / stores – recover LA share (13)	400		No submission
Dental recovery – consciously delay activity (14)	300		QIA Panel to review submission 26/08/25
Modular Health Records – pause investment (15)	300		Digital QIA assessment - negative impact, rejected. QIA panel to review
RIF slippage – reduce HB match funding (16)	240		No submission
Stop stationery / non-clinical requisitions (17)	200	106	QIA Panel to review submission 26/08/25. Pan Health Board financials included, assumed 5% reduction in CCGs (as element of non-clinical) and 50% reduction in Executive Functions.
Hold 25/26 LTA activity to budget (18)	140	70	Alternative scheme presented. QIA Panel to review submission 26/08/25
Tritech – release surplus funds (19)	100	100	QIA Panel - feedback incorrect template submitted, confirmed supported
Cease non-essential minor works (20)	100		QIA Panel to review submission 26/08/25
Pause non-essential non-clinical equipment (21)	80	118	QIA Panel to review submission 26/08/25. Pan Health Board financials included, assumed 5% reduction in CCGs (as element of non-clinical) and 50% reduction in Executive Functions
Mandate virtual meetings for travelling staff (22)	80	1	QIA Panel - not conclusive
Pause non-statutory & CPD training (23)	75		No submission Health Board wide submission to date
2025/26 LTA position adjustment (24)	0		Saving realised £457k against existing scheme, pressure of offsetting risk share to be reviewed
HB-wide ban on travel (25)	TBC	21	No submission Health Board wide submission to date
Review temporary staff < 2 years' service (26)	TBC		No submission Health Board wide submission to date
Capital bid process – revenue saving focus (27)	TBC		No submission Health Board wide submission to date
Total	22,503	735	

Please note, this is a live process, the tables reflect the position as of 21 August 2025.

The challenge posed by the conflict of financial savings versus impact was discussed at the latest Formal Executive Team meeting 20 August 2025. The reality of continuing to balance quality, safety, performance and finances, in a climate of increased expectations is a significant challenge and it is very difficult to frame further cost improvements, to go beyond the planned deficit of £30m, without consequence.

The QIA process to date has demonstrated the challenge for budget holders to forgo the resulting capacity and delivery, in response to the financial options to deliver further financial savings. Mindful that there will be certain areas of provision which pose a greater and lesser negative impact, the discussion at Formal Executive Team concluded that an expectation needed to be framed whereby a proportion of the various opportunities must be delivered across budgets. That is, each Clinical Care Group (CCG) or Corporate Directorate will need to determine how it can deliver a proportion of the opportunity for their area, as relevant to their budget. For example, a CCG may need to take out 30% of on-contract agency spend. Illustrative figures have been included in Table 3; these will need to be considered and likely refined as the QIA progresses.

**Table 3: Illustrative assessment of proportionate requirement to deliver reduced spend across budgets**

Opportunity Theme	Opportunity Total Value £000	Delivery Required 30% £000
Workforce	14,693	4,408
Digital	1,600	480
Performance	2,400	720
Procurement controls	280	84
Partnerships	1,090	327
Primary Care	300	90
NICE / medicines	1,300	390
LTAs	140	42
Capital expenditure	200	60
Wider strategy	500	150
Invest-to-Save	0	0
<b>Total</b>	<b>22,503</b>	<b>6,751</b>

Building on progress to date, the Formal Executive Team agreed the following next steps.

- Further QIA panel 26 August 2025 to review remaining QIA submissions. As part of this discussion, the list of £22.5m options will be considered and assessed to provide a ranking of least impact to most negative impact for patients.
- Integrated Quality Finance Performance and Delivery Group meeting 27/08/25 to be turned over to discussions to review any aspects of the QIA process with CCGs directly. Also to start to frame potential next steps in respect of delivery of the £22.5m options.
- Building on the list of £22.5m options and illustrative values presented in Table 3, determine the scale of delivery required across each item to support achievement of £24m outturn, taking into account the risk profile of the various opportunities.
- To support the delivery of the prescribed saving requirements, a set of principles will be developed to steer budget holders in considering their delivery options, for example in respect of criteria to manage staff travel restrictions and areas of performance to prioritise over others.
- To develop a communication plan, to be activated following a Board decision, which confirms the ask of budget holders and frames the supporting principles.

The output of this work will inform the Additional In Committee Board meeting on 9 September 2025 for decision.

### Argymhelliad / Recommendation

#### **[Contained within main SBAR]**

The Finance and Performance Committee is requested to **DISCUSS** and **CONSIDER** the further choices and actions being proposed to achieve an additional financial improvement by the 11 September 2025 Welsh Government deadline.

**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

	<p>scrutiny of the monthly finance report. This report shall ensure clarity in:</p> <p>3.1.5.1 The reporting of monthly, year to date and forecast financial position alongside operational drivers;</p> <p>3.1.5.2 Performance against the savings requirement;</p> <p>3.1.5.3 Performance against other financial metrics, such as cash management, capital management and Public Sector Payment Policy.</p>
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 <a href="#">Quality and Engagement Act (sharepoint.com)</a>	7. All apply
Galluogwyr Ansawdd: Enablers of Quality: <a href="#">Quality and Engagement Act (sharepoint.com)</a>	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: <a href="#">Hyperlink to HDdUHB Well-being Objectives Annual Report 2021-2022</a>	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:	<p>BGH – Bronlais Hospital</p> <p>CHC – Continuing Healthcare</p> <p>EOY – End of Year</p> <p>FNC – Funded Nursing Care</p> <p>FYE – Full Year Effect</p> <p>GGH – Glangwili Hospital</p> <p>GMS – General Medical Services</p> <p>HSCEY – Health, Social Care and Early Years</p> <p>MHLD – Mental Health &amp; Learning Disabilities</p>

	<p>NICE – National Institute for Health and Care Excellence</p> <p>OCP – Organisational Change Policy/Process</p> <p>OOH – Out of Hours</p> <p>PPH – Prince Philip Hospital</p> <p>PSPP– Public Sector Payment Policy</p> <p>RTT – Referral to Treatment Time</p> <p>T&amp;O – Trauma &amp; Orthopaedics</p> <p>TCT – Target Control Total</p> <p>WG – Welsh Government</p> <p>WGH – Worthybush Hospital</p> <p>WRP – Welsh Risk Pool</p> <p>WTE – Whole Time Equivalent</p> <p>YTD – Year to date</p>
<p>Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Adnoddau</p> <p>Cynaliadwy:</p> <p>Parties / Committees consulted prior to Sustainable Resources Committee:</p>	<p>Finance Team</p> <p>Management Team</p> <p>Executive Team</p>

<b>Effaith: (rhaid cwblhau)</b> <b>Impact: (must be completed)</b>	
<b>Ariannol / Gwerth am Arian:</b> <b>Financial / Service:</b>	Financial implications are inherent within the report.
<b>Ansawdd / Gofal Claf:</b> <b>Quality / Patient Care:</b>	The impact on patient care is assessed within the savings schemes.
<b>Gweithlu:</b> <b>Workforce:</b>	The report considers the financial implications of our workforce.
<b>Risg:</b> <b>Risk:</b>	Financial risks are detailed in the report.
<b>Cyfreithiol:</b> <b>Legal:</b>	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.
<b>Enw Da:</b> <b>Reputational:</b>	Adverse variance against HDdUHB's financial plan will affect its reputation with Welsh Government, Audit Wales, and with external stakeholders.

<b>Gyfrinachedd: Privacy:</b>	Not Applicable.
<b>Cydraddoldeb: Equality:</b>	Not Applicable.

**Cyfarwyddwr Cyffredinol Grŵp Iechyd, Gofal Cymdeithasol a'r  
Blynyddoedd Cynnar / Prif Weithredwr GIG Cymru**

**Director General Health, Social Care & Early Years Group / NHS  
Wales Chief Executive**



**Llywodraeth Cymru  
Welsh Government**

Phil Kloer  
Chief Executive  
Hywel Dda University Health Board

[Philip.Kloer@wales.nhs.uk](mailto:Philip.Kloer@wales.nhs.uk)

Our Ref: PK/HJ/HP

18 August 2025

Dear Phil,

### **2025/26 Annual Plan & Financial Position**

Thank you for your submissions on 18<sup>th</sup> July and 31<sup>st</sup> July in response to the requirements set out by the Cabinet Secretary at the meeting on the 10<sup>th</sup> of July with Chairs and CEO's of the four health boards forecasting deficits.

The expectation was that there was absolute clarity and confidence in the actions and deliverables required to achieve your current forecast by 18<sup>th</sup> of July. Further, that you needed to set out by 31<sup>st</sup> July the detailed actions that would be taken to achieve and maintain your forecast 2024/25 outturn position of a £24m deficit.

The Cabinet Secretary and I were disappointed that the responses received did not fully meet this expectation. This response addresses both your letter to me and correspondence from Neil to the Cabinet Secretary.

The improvement in your forecast to a £30m deficit however is acknowledged, as is the confirmation this absorbs the £2m Employers National Insurance contribution funding shortfall.

Thank you for sharing the summary of the options being considered by the Board and for setting out the essence of your Board debate. It is recognised that the delivery expectation presents challenges and the need to balance the considerations in your letter alongside financial delivery.

I must reinforce however, that actions are required, for you as a Health board, to deliver a £24m forecast outturn position, which is the delivery requirement set by Welsh Government. The ability for health boards to deliver the forecast expectations set out and planned in the Welsh Government position is a critical requirement. If this cannot be achieved, then



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consideration will have to be given for other revenue support funding that is being provided, and future allocations, as to whether these can continue to be provided.

You'll be aware that Welsh Government has set NHS bodies a deadline of 11<sup>th</sup> of September and the month 5 monitoring return submission to receive confirmation of 100% confidence in savings and mitigating actions to deliver the expected outturn position. This aligns to the process, Board and Committee timescales, that you have stated in your letter. I expect therefore to receive confirmation in writing on the 11<sup>th</sup> of September of your actions to deliver a £24m forecast deficit outturn and detail confidence in its delivery.

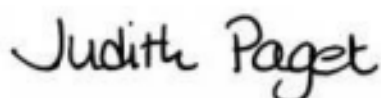
Given the importance and profile of this requirement, I also want to meet with you and respective Directors of Finance, on Thursday 11<sup>th</sup> of September in Cathays Park to review the substance of your position in detail. At that meeting I expect to receive at a minimum an update and review of:

- Your 11<sup>th</sup> September month 5 monitoring submission and detailed actions of how you will deliver a £24m deficit.
- The detailed actions and confidence in delivering all savings and mitigations.
- An assessment of all currently uncommitted expenditure and monthly profile.
- A breakdown of non-delivery areas against your initial plan and mitigating actions.
- Any further discretionary choices being made by the Board and how this feature in your submission and delivery expectations.
- The detail of the expenditure control mechanisms that you have in place to support an improving run rate.

If further clarification is needed on this requirement, please liaise with Hywel Jones for the necessary support as required.

I hope this is clear. The Cabinet Secretary has asked to be kept appraised on progress and will be considering this further with your Chair at their next interaction.

Yours sincerely



**Judith Paget CBE**

Copied to:  
Neil Wooding  
Hywel Jones  
Huw Thomas