



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

<b>DYDDIAD Y CYFARFOD: DATE OF MEETING:</b>	26 June 2025
<b>TEITL YR ADRODDIAD: TITLE OF REPORT:</b>	Financial Report – Month 2 2025/26
<b>CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:</b>	Huw Thomas, Director of Finance
<b>SWYDDOG ADRODD: REPORTING OFFICER:</b>	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.

Following the approval gained at the Sustainable Resources Committee (SRC) on 25 February 2025, the delegation of budgets was made to Executive Directors and Clinical Care Group (CCG) / Executive Function leads, in March 2025.

The Board, at its meeting on the 27 March 2025, endorsed and approved the submission of the annual plan to WG, noting that the financial plan does not deliver against our statutory requirement to break-even and recognising the planned financial outturn remains in-line with the target control total (TCT) set by WG with a deficit of £31.5m, but is a worsening position compared to the 2024/25 financial outturn of £24.1m. The 2025/26 financial plan represented a planned deficit of £31.5m, after the delivery of £44.4m of savings, split between £19.0m of recurrent and £25.4m of non-recurrent.

Current feedback from WG is that the plan is unsupportable and unacceptable, and ongoing dialogue continues with an expectation that the Health Board improves beyond its current planned deficit.

## Asesiad / Assessment

### Financial Position

- The Health Board is reporting an in-month financial position in Month 2 of an overspend of £2.7m, against the planned deficit of £2.6m; an adverse deviation of £0.1m. The core operational variance to plan is £(0.2)m with the in-month savings target of £3.7m being under-identified by £0.3m, and all savings schemes identified of £3.4m being fully delivered.
- The forecasted year-end financial position is a £31.5m deficit, in-line with the annual plan and target control total expectation, which includes future mitigating actions of £26.1m.
- The following table summarises the key drivers, with full analysis included within the Financial Performance Report in **Appendix 1**.

Key Driver (£'m)	Current month variance to breakeven	Year to Date variance to breakeven	End of Year forecast to breakeven
Planned Deficit	2.6	5.2	31.5
Unidentified / (Identified) savings gap / (improvement)	0.3	2.3	29.6
Under / (Over) Delivery of Savings Schemes	0.0	0.0	0.0
Core Operational Variation	(0.2)	(0.9)	(3.5)
Gross Forecast	2.7	6.6	57.6
Further mitigating actions required	0.0	0.0	(26.1)
Reported Position	2.7	6.6	31.5

### **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.

### Savings Delivery

- Whilst the core operational variation is showing as an underspend on a year to date and full year forecast position, the main driver of the gross forecast is the unidentified savings gap of £29.6m.
- Of the annual savings target of £44.4m, £14.8m has been identified on an in-year basis, with all projected to fully deliver. Recurrent schemes identified total £8.8m against a plan of £19.0m, with the balance of £6.0m being non-recurrent against a plan of £25.4m.
- 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 portfolios, but most notably Planned and Specialist Care £9.4m, Community and Integrated Medicine £7.2m and Primary Care and Community Strategy £5.0m, all within the Chief Operating Officer executive portfolio.
- Given the significant identification gap for robust deliverable savings schemes across these portfolios, further escalation for the Finance domain is likely due to the risk associated with delivering the Annual Plan equitably across services.

### Impact of Savings Delivery on the Underlying Deficit

- The underlying deficit as part of the financial planning cycle is an opening balance of £58.5m, which assumes £19.0m of recurrent savings delivery. As of Month 2, only £8.9m of recurrent full year effect schemes are forecast to deliver leaving an underlying deficit balance of £68.6m with a full year recurrent savings identification gap of £10.1m.
- This does not support the organisations required trajectory to achieve financial breakeven as part of the conditional recurrent funding criteria by 2027/28.

## Annual Plan Welsh Government Feedback

From initial feedback received from the Director General Health, Social Care and Early Years Group, the annual plan for 2025/26 is not supportable by WG. Whilst it is a clear baseline position to deliver the TCT, the expectation set by the Cabinet Secretary and a condition of the additional funding received was a plan that delivers an improvement trajectory towards in-year financial balance within three years.

It was reflected that whilst significant progress has been made, with delivery beyond the TCT set in 2024/25, the Health Board is currently planning on deteriorating in 2025/26 from its outturn position in 2024/25.

Following the Health Board's response letter of 30 April 2025 detailing the planned recovery actions, a letter has been received from the Director General Health, Social Care and Early Years Group on 6 June 2025 highlighting that the plan remains unsupported and unacceptable, and due to the failure to deliver a material improvement to the plan, further actions are essential to deliver the level of improvement that is expected and sets out the following next steps. A copy of this letter is included as **Appendix 2**.

In summary, the Health Board is required to:

- Set out by 30 June 2025 the detailed actions that will be required to reduce the current financial forecast from £31.5m to an improved position.
- To submit detailed actions to deliver a forecast position that maintains the outturn position of 2024/25 which is a deficit of £24.1m, as a minimum as a stepping stone to that expected improvement trajectory set out. The current plan of £31.5m does not meet the required improvement trajectory.
- As part of the recovery plan, take actions to significantly reduce the planned investments set out for 2025/26 of £11.7m.
- Provide assurance that the actions are in place to deliver the existing planned savings assumptions in full.

The Executive Team have agreed on the following key milestones:

- By the end of quarter 1: de-risk the in-year financial plan with robust delivery plans confirmed for the full savings target of £44.4m and signal an improved deficit forecast.
- During quarter 2: consider further options to improve the financial forecast to the 2024/25 outturn.
- By December 2025, develop options to deliver medium term improvement as part of a strategic sustainability plan., through the 2026/28 planning cycle process.

## Planned and Unplanned Local Investments

- With WG feedback of the Annual Plan being unsupportable and unacceptable, investment decisions should only be approved where demonstrable benefits are clearly deliverable, with a short lead time to realisation, linked to patient outcomes, activity improvements or statutory obligations.
- The Savings and Investment report included within the agenda provides an update on progress, with the majority of investments being pursued for implementation, inclusive of additional schemes not originally contained in the annual plan also being put forward.

## Medical Stabilisation programme

- Managing medical rotas and variable pay has been a critical focus for the Health Board, with continued use of significant premium locums in Bronglais Hospital (BGH), Withybush Hospital (WGH) and Planned Care as well as off-contract agency in Mental Health and Learning Disabilities (MHL), using agency to cover sickness, annual leave rota planning, and gaps within rosters.
- Medical and Allied Health Professions and Health Sciences rate card proposals are continuing to be discussed with the Local Medical Committees (LMC) and a transitional strategy for each dependant service is required to move to a sustainable resourcing structure without the reliance for premium agency cover.
- A key enabling component of the plan is the Allocate adoption across patient facing medical staff. Whilst plans are progressing around variable pay, substantive e-rostering is pending the Allocate implementation and business process adoptions to ensure sustainable staffing levels are achieved without the reliance on premium agency.

### 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 planned deficit is £31.5m, 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.

## 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, but off-contract use continues within Mental Health and Learning Disabilities. Community and Integrated Medicine and Mental Health and Learning Disabilities are reliant on agency use of Healthcare Support Workers, with plans to eliminate by September 2025 in progress.

#### **Assure (to note)**

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

#### **Capital**

There is currently a no risk foreseen of underspending of the Capital Resource Limit (CRL) at this stage of the financial year. Capital plans will be reviewed in continuously and updates provided appropriately.

#### **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.
- The Executive Team have mandated the conversion of vacancy holds to non-recurrent savings in the month they fall, enabling a consistent approach to be taken across all portfolios, to improve savings delivery, and to ensure that any overspends are clearly identified and therefore managed, without netting off with benefits instigated by the FCSG and leadership priorities.

#### **2025/26 Budget Delegation Accountability Letters**

All budget accountability letters have now been signed and returned.

#### **Argymhelliad / Recommendation**

The Finance and Performance Committee is asked to:

- **NOTE** that the Health Board's Deficit plan is £31.5m, with a savings target of £44.4m, and the aspiration is to improve beyond this in the coming months, in-line with WG expectations.
- **SCRUTINISE** 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.
- **SEEK ASSURANCE** there are sufficiently robust plans in place to eliminate the use of all off-contract agency immediately, and reliance on Healthcare Support Worker on-contract agency by the deadlines set in the Ministerial Priorities.
- **DISCUSS** the 6 June 2025 feedback received from Welsh Government, stating the Health Boards Annual Plan is unsupportable and unacceptable, and by 30 June 2025 to submit detailed actions to deliver a forecast position in 2025/26 that maintains the outturn position of 2024/25 which is a deficit of £24.1m.
- **SCRUTINISE** the benefits being proposed or delivered by the planned and unplanned investments.
- **TAKE ASSURANCE** that the net core budget performance remains in-line with the annual plan, except for Medical and Dental pay expenditure which is highlighted as an Alert.
- **ACKNOWLEDGE** the risk of conditionally recurrent funding being withdrawn linked to Welsh Governments feedback on the Annual Plan.
- **ACKNOWLEDGE** that an underlying deficit assessment has been undertaken and that will only be reduced by robust recurrent savings delivery improvements.
- **ACKNOWLEDGE** that all Budget Delegation Accountable Officer letters have now been signed.

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"> <li>3.1.5.1 The reporting of monthly, year to date and forecast financial position alongside operational drivers;</li> <li>3.1.5.2 Performance against the savings requirement;</li> <li>3.1.5.3 Performance against other financial metrics, such as cash management, capital management and Public Sector Payment Policy.</li> </ul>
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	7. All apply

<a href="#">Quality and Engagement Act (sharepoint.com)</a>	
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

<b>Gwybodaeth Ychwanegol: Further Information:</b>	
Ar sail tystiolaeth: Evidence Base:	Monitoring returns to Welsh Government based on HDdUHB's financial reporting system.
Rhestr Termiau: Glossary of Terms:	<p>BGH – Bronglais General Hospital            CHC – Continuing Healthcare            EOY – End of Year            FNC – Funded Nursing Care            FYE – Full Year Effect            GGH – Glangwili General Hospital            GMS – General Medical Services            HSCEY – Health, Social Care and Early Years            MHLd – Mental Health &amp; 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&amp;O – Trauma &amp; Orthopaedics            TCT – Target Control Total            WG – Welsh Government            WGH – Worthybush General Hospital            WRP – Welsh Risk Pool            WTE – Whole Time Equivalent            YTD – Year to date</p>
Partion / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Adnoddau Cynaliadwy:	Finance Team Management Team Executive Team

Parties / Committees consulted prior to Sustainable Resources Committee:	
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<b>Effaith: (rhaid cwblhau) Impact: (must be completed)</b>	
<b>Ariannol / Gwerth am Arian: Financial / Service:</b>	Financial implications are inherent within the report.
<b>Ansawdd / Gofal Claf: Quality / Patient Care:</b>	The impact on patient care is assessed within the savings schemes.
<b>Gweithlu: Workforce:</b>	The report considers the financial implications of our workforce.
<b>Risg: Risk:</b>	Financial risks are detailed in the report.
<b>Cyfreithiol: 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: 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

**Cydraddoldeb:  
Equality:**

Not Applicable



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**2025/26 Financial Performance Report**  
**Finance and Performance Committee**  
Month 2 May 2025/26

# Executive Summary



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The Health Board's Annual Planned Deficit is £31.5m with a Savings Target of £44.4m. Month 2 reports an end of year forecast of £31.5m in line with the Annual Planned Deficit and Target Control Total. Total Savings Identified to date are £14.8m, leaving a gap of £29.6m against the Annual Savings Target of £44.4m.

The Month 2 financial position is a deficit of £2.7m, which is a worsening against the in-month deficit plan of £2.6m. The core operational variance to plan is £(0.2)m with the in-month savings target of £3.7m being under-identified by £0.3m, and all savings schemes identified of £3.4m being fully delivered. Further mitigating actions of £26.1m are required to deliver the deficit plan of £31.5m, with the Health Board aspiring to de-risk this by the end of quarter 1, and to further improve beyond the Target Control Total in-line with government expectations.

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	2.6	2.6	5.2	31.5	31.5
Unidentified / (Identified) savings gap / (improvement)	2.0	0.3	2.3	34.3	29.6
Under / (Over) Delivery of Savings Schemes	0.0	0.0	0.0	0.0	0.0
Core Operational Variation	(0.7)	(0.2)	(0.9)	0.0	(3.5)
Gross Forecast	3.9	2.7	6.6	65.8	57.6
Further mitigating actions required	0.0	0.0	0.0	(34.3)	(26.1)
Reported Position	3.9	2.7	6.6	31.5	31.5

Key Measures (Risk rating = Impact x Likelihood)		
Core Budget Position		Following the latest review of the Health Board's end of year financial forecast position, the annual reported deficit forecast remains at £31.5m which is in line with the annual planned deficit. The organisations aspiration is to improve beyond this in the coming months, aligned to the quarterly focus of de-risking the deficit further.
Cash	Risk #2086 5 x 4 = 20	Given the Health Board's planned deficit is £31.5m, there will be a strategic cash requirement in line with our forecast deficit and working capital balances.
Savings		Of the annual savings target of £44.4m, £14.8m has been identified on an in-year basis resulting in an under identification of £29.6m, with all projected to fully deliver. Recurrent schemes identified total £8.8m against plan of £19.0m, with the balance of £6.0m being non-recurrent against the plan of £25.4m. An extrapolation of non-recurrent savings identified within the first two months of the year would achieve the non-recurrent savings target, indicating further improvements are achievable.
Capital		The risk of underspending against the capital resource limit is low at this stage of the financial year.
Underlying Deficit	Risk #1199 5 x 5 = 25	The underlying deficit calculated as part of the planning cycle is £58.5m which assumes £19.0m of recurrent savings delivery. As at Month 2 £8.9m of recurrent full year effect schemes have delivered, resulting in an underlying deficit of £68.6m with a full year recurrent savings identification gap of £10.1m. This does not support the organisations required trajectory to achieve financial breakeven as part of the conditional recurrent funding criteria by 2027/28.

# Movements from Prior Reported Position



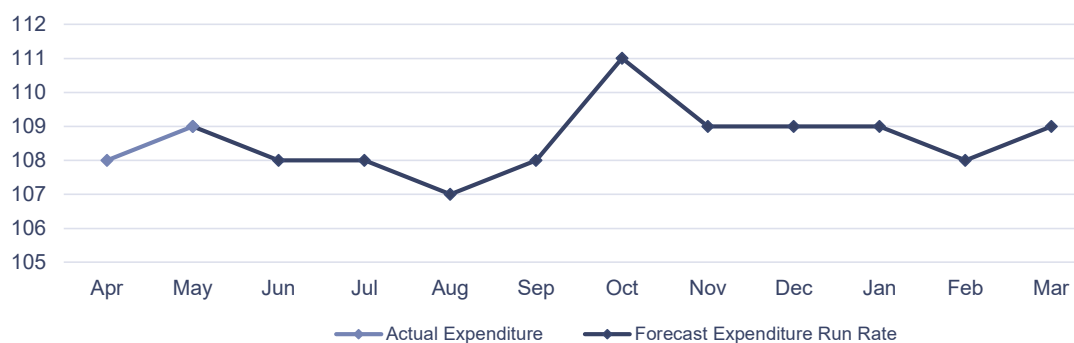
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Key Driver (£'m)	Prior Month End of Year Forecast	End of Year Forecast	Movement in Forecast
<b>Planned Deficit</b>	31.5	31.5	0.0
Unidentified Savings Gap	34.3	29.6	(4.7)
Under / (Over) Delivery of Savings Schemes	0.0	0.0	0.0
Core Operational Variation	0.0	(3.5)	(3.5)
<b>Gross Forecast</b>	65.8	57.6	(8.2)
Further mitigating actions required	(34.3)	(26.1)	8.2
<b>Reported Net Position</b>	31.5	31.5	0.0

## Monthly Actual and Forecasted Expenditure Run-Rate £'m

The forecast revenue run-rate trajectory reflects the planned deficit position of £31.5m



Unidentified Savings Gap (£'m)	Change
In-month underspend savings conversion	(1.7)
Newly identified schemes	(2.9)
Blue/Red converted to Amber/Green savings schemes	(0.1)
<b>Movement in Unidentified Savings Gap</b>	<b>(4.7)</b>

Under / (Over) Delivery of Savings Schemes (£'m)	Change
No change to report	0.0
<b>Movement in Savings Delivery</b>	<b>0.0</b>

Core Operational Variation (£'m)	Change
Commissioned Healthcare Services Primary Care	(3.9)
Overachievement of Income	(1.7)
Drugs and Prescribing	(1.4)
Medical staff cover and premium pay	1.9
Non-Pay infrastructure maintenance	1.6
<b>Movement in Core Operational Variation</b>	<b>(3.5)</b>

# Revenue and Cash Trajectory

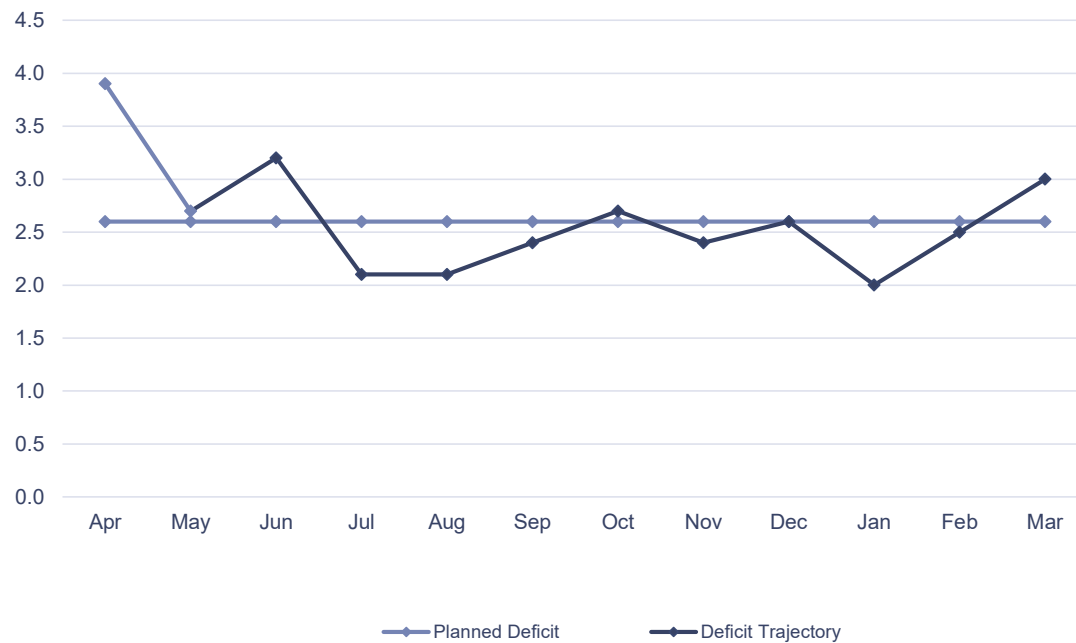


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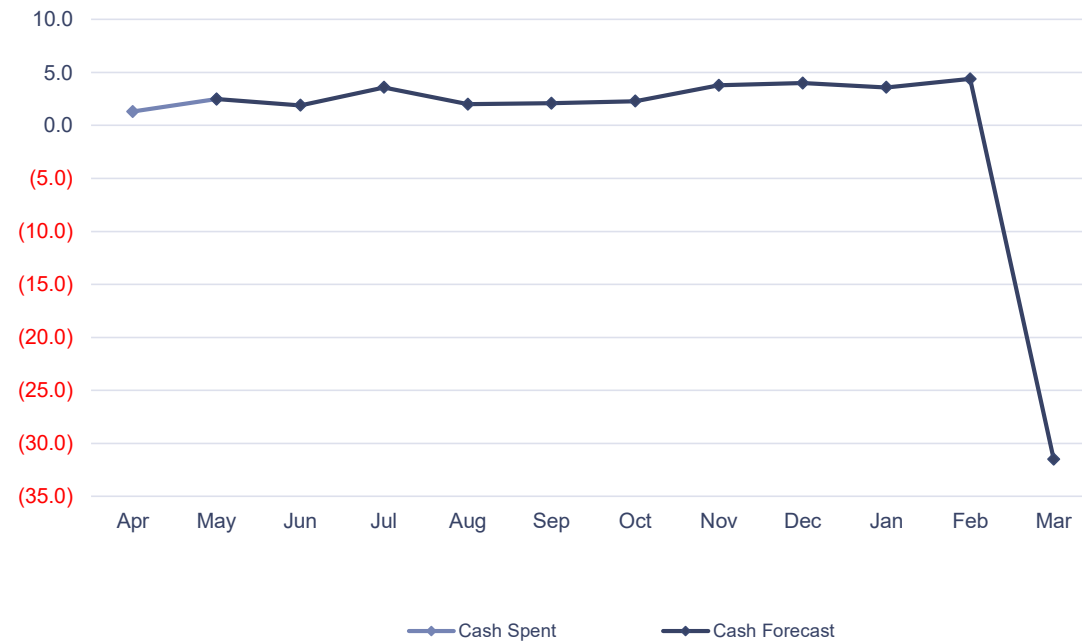
## Revenue Deficit Trajectory (£'m)

The Health Board's planned deficit is £31.5m with a savings target of £44.4m. The forecasted outturn for the year is a deficit of £31.5m, which is in line with the planned deficit.



## Cash Flow Trajectory (£'m)

The Health Board will require strategic cash assistance in line with its forecast deficit and working capital balances.



# Executive Insight, Next Steps and Actions



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Action / Decision	Description	Owner	Status	Due Date
Identification and delivery of robust recurrent and non-recurrent savings plans	There is a significant identification gap for savings schemes across Clinical Care Groups. Escalation for the Finance domain is likely due to risk associated with delivering the annual plan equitably across services. Whilst there was a step up in non-recurrent savings in Month 2, this has not been forecast to continue for the remainder of the year yet.	Clinical Care Group Service Directors	Outstanding, urgent action required as part of de-risking the annual plan	30 June 2025
Medical – Additional Cover and Premium	Continued use of additional medical cover, including premium locum and agency in BGH, WGH and Planned Care. Required: roster management, consistent rate card implementation and exit strategies for reliance on premium cover linked to sustainability service delivery plans.	Community and Integrated Medicine and Planned and Specialist Care Service Director, Deputy Medical Director	Update required for timelines on Medical Stabilisation Programme	30 June 2025
BGH Nursing Cohort	Dual running of international nurses in BGH. Required: Numbers are reducing following support to achieve registration status and update rotas.	Community and Integrated Care Service Director	Updated timelines required for remaining nurses to progress.	30 June 2025
Unapproved investments	With WG feedback of the annual plan being unsupportable, investment decisions should only be approved where demonstrable benefits are clearly deliverable, with a short lead time to realisation.	Business case leads	Ongoing via scrutiny panel	On Going
Planned and Specialist Care	Annualised YTD review of future savings identification and core operational variation required within Clinical Care Group.	Planned and Specialist Care Service Director	Outstanding, urgent action required	30 June 2025
Primary Care, Community Strategy and Long Term Care	Annualised YTD review of future savings identification and core operational variation required within Clinical Care Group.	Primary Care, Community Strategy and Long Term Director	Outstanding, urgent action required	30 June 2025
Executive Functions	Annualised YTD review of future savings identification and core operational variation required across Executive Functions	Executive Directors	Outstanding, urgent action required	30 June 2025

# End of Year: Financial Position Summary



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Headline	<p>Reported Position</p> <p><b>£31.5m</b> <span style="color: red;">●</span></p> <p>Annual Plan = £31.5m Prior Annual Forecast = £31.5m</p>	<p>Savings Identification Gap</p> <p><b>£29.6m</b> <span style="color: red;">●</span></p> <p>Savings Target = £44.4m Total Identified = £14.8m</p>	<p>Capital Position</p> <p><b>£28.8m</b> <span style="color: green;">●</span></p> <p>Annual Plan = £28.8m Prior Annual Forecast = N/A</p>	<p>Underlying Deficit</p> <p><b>£68.6m</b> <span style="color: red;">●</span></p> <p>Annual Plan = £58.5m</p>
	<p>Total Pay</p> <p><b>£662.2m</b> <span style="color: green;">●</span></p> <p>Plan = £663.6m Prior Annual Forecast = £644.8m</p>	<p>Substantive</p> <p><b>£604.5m</b> <span style="color: green;">●</span></p> <p>Plan = £641.4m Prior Annual Forecast = £623.0m</p>	<p>Variable</p> <p><b>£49.5m</b> <span style="color: red;">●</span></p> <p>Plan = £18.1m Prior Annual Forecast = £17.7m</p>	<p>Agency (Premium)</p> <p><b>£8.2m</b> <span style="color: red;">●</span></p> <p>Plan = £4.1m Prior Annual Forecast = £4.1m</p>
	<p>Primary Care Drugs</p> <p><b>£86.4m</b> <span style="color: green;">●</span></p> <p>Plan = £86.4m Prior Annual Forecast = £86.4m</p>	<p>Secondary Care Drugs</p> <p><b>£75.5m</b> <span style="color: green;">●</span></p> <p>Plan = £76.8m Prior Annual Forecast = £75.6m</p>	<p>Continuing Healthcare</p> <p><b>£66.9m</b> <span style="color: green;">●</span></p> <p>Plan = £67.1m Prior Annual Forecast = £67.1m</p>	<p>Clinical Services &amp; Supplies</p> <p><b>£45.1m</b> <span style="color: red;">●</span></p> <p>Plan = £45.0m Prior Annual Forecast = £44.7m</p>
	<p>Non-Pay</p>			

**Key Drivers**

The **Month 2** end of year forecast financial position is a **deficit of £31.5m**, which is in line with the Annual Deficit Plan of £31.5m. The **core operational variance to plan is £(3.5)m**, with the annual **savings target of £44.4m being under-identified by £29.6m**, and all current identified savings schemes of £14.8m being fully delivered. Future **mitigating actions** identification requirement to deliver a deficit position of £31.5m is **£(26.1)m**. Improvements to deliver the mitigating actions and go beyond the £31.5m deficit plan is now the focus of the organisation in the coming months.

# End of Year: Key Drivers vs Budget



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Spend Category	£'m	Supporting Information
Planned Deficit	31.5	As per Annual Plan submission to Welsh Government
Savings Identification Gap / (Surplus)	29.6	Savings identification of £10.1m against £44.4m target
Administration and Estates	(1.9)	Continuation of Administration & Clerical vacancies, particularly across Operational Directorates where savings schemes have yet to be fully identified, thus recruitment is re-prioritised through Financial Control Subgroup.
Allied Health, Scientists and Other	0.3	Agency and variable pay pressures and increased recovery activity, offset by vacancies within Operational Allied Health and Health Sciences.
Medical and Dental	4.1	Premium costs to cover vacancies within Mental Health, Primary Care and Women and Children. Ceredigion and Pembrokeshire double cover of Medical Rotas due to sickness, absences and retrospective claims.
Nursing, Midwifery and Clinical Support	(0.7)	Vacancies and reduced variable pay within Planned and Specialist Care offset by bank, agency and overtime usage in Glangwili and dual running of Supernumerary Nurses at Bronglais to cover International Nurses.
Clinical Services and Supplies	0.1	Increased Clinical Services and Supplies expenditure within Radiology relating to recovery.
Commissioned Healthcare Services	(5.5)	Dental contracts underspend handed back to the Health Board, offset by purchase of insourced healthcare services for Orthopaedics and Theatres, and Children Continuing Healthcare Packages cost pressure.
Drugs and Prescribing	(1.4)	Oncology and Ophthalmology drugs underspend due to delayed presentation of new NICE funded drugs. Drugs underspend within Withybush Gastroenteritis services.
Other Non-Pay	3.2	Estates and Facilities driven by Maintenance price increase on external suppliers' contracts, Energy price increase and Laundry service cost pressure. Digital postage expenditure increase driven by increases in price.
Income	(1.7)	Overachievement of income within Occupational Therapy, Health Education Improvement Wales student and training, Public Health Wales Bowel and Breast screening, Flying Start and Paediatric specialist high-cost drugs.
<b>Gross Position</b>	<b>57.6</b>	
Further mitigating actions required	(26.1)	
<b>Reported Position</b>	<b>31.5</b>	

# 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
Chief Operating Officer Management	0.8	-	-	0.8
Community and Integrated Medicine	7.2	-	(1.0)	6.2
Mental Health and Learning Disabilities	3.6	-	0.5	4.1
Operational Allied Health and Health Sciences	3.3	-	3.2	6.5
Planned and Specialist Care	9.4	-	(2.4)	7.0
Primary Care and Community Strategy	5.0	-	(3.7)	1.3
Executive Functions	0.3	-	(0.1)	0.2
<b>Sub Total</b>	<b>29.6</b>	<b>0.0</b>	<b>(3.5)</b>	<b>26.1</b>
Planned Deficit				31.5
<b>Gross Position</b>				<b>57.6</b>
Further mitigating actions required				(26.1)
<b>Reported Position</b>				<b>31.5</b>

# End of Year: Mitigation Plan



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With the financial position being predominately driven by the savings gap to the target set within the annual plan, the following mitigation plan articulates the likely outcome once all savings positions are finalised through the robust conversion process. It is recognised that quarter 1 is required to provide absolute clarity on savings for 2025/26 delivery, and to signal an improvement beyond the planned deficit of £31.5m, with quarter 2 focusing on improvement options and choices to improve, as a minimum, to the 2024/25 outturn position of £24.1m, in-line with Welsh Government expectations.

Likely Scenario	£'m
Gross Position	57.6
Funding or expenditure adjustments	(5.5)
Blue schemes yet to be converted to assured plans (25% conversion of £2.8m)	(0.7)
Red schemes yet to be converted to assured plans (50% conversion of £10.4m)	(5.2)
Likely continuation of non-recurrent savings yet to be confirmed	(14.7)
<b>Reported Position</b>	<b>31.5</b>

# End of Year: Saving Delivery Performance



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Savings

Savings Target

**£44.4m**

Recurrent = £19.0m  
Non-Recurrent = £25.4m

In-Year Recurrent Gap

**£10.2m** ●

Target = £19.0m  
Delivery = £8.8m

In-Year Non-Recurrent Gap

**£19.4m** ●

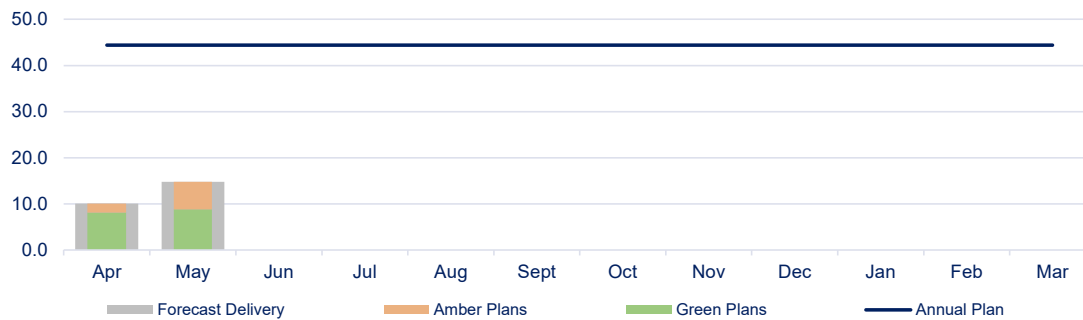
Target = £25.4m  
Delivery = £6.0m

Full Year Recurrent Gap

**£10.1m** ●

Target = £19.0m  
Delivery = £8.9m

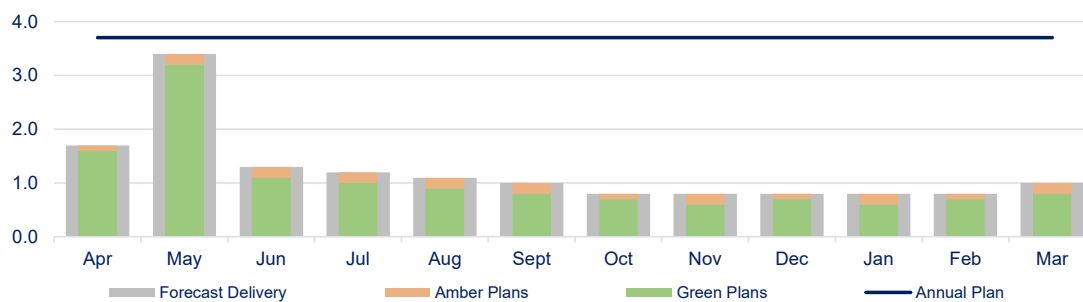
Monthly Trend of Annual In-Year Risk-Assessed Savings Delivery (£'m)



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: Clinical Care Group Savings



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Savings

Savings Target

**£44.4m**

Annual Plan = £44.4m

Savings Identification

**£14.8m**

33% of Savings Target

Savings Delivery

**£14.8m**

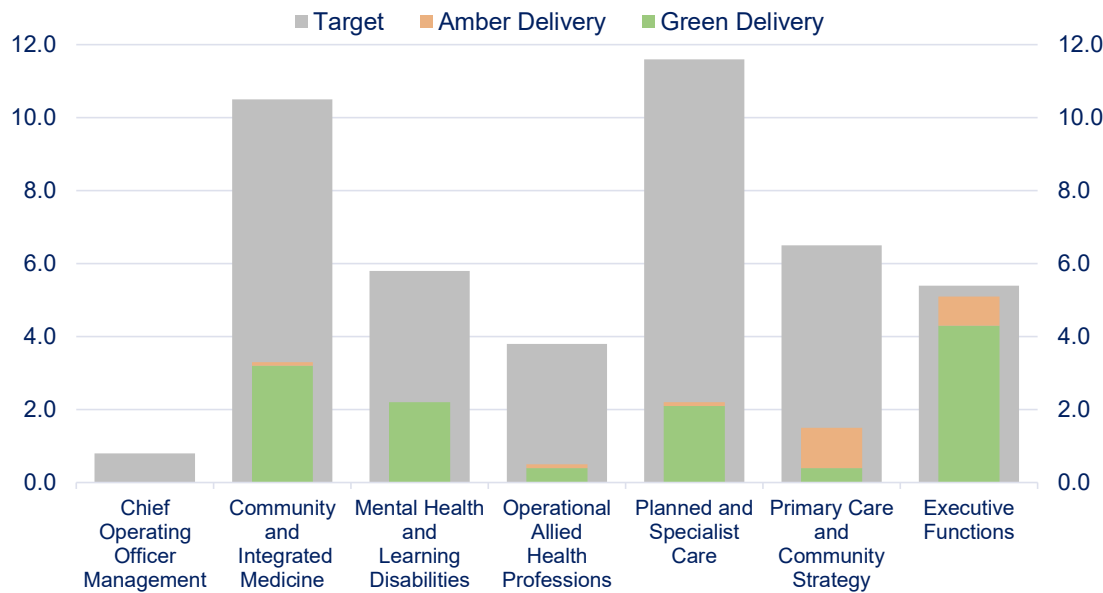
Recurrent = £8.8m  
Non-Recurrent = £6.0m

Savings Gap to Target

**£29.6m**

67% 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	0.0	0.0	0.8
Community and Integrated Medicine	10.5	3.3	3.3	7.2
Mental Health and Learning Disabilities	5.8	2.2	2.2	3.6
Operational Allied Health and Health Sciences	3.8	0.5	0.5	3.3
Planned and Specialist Care	11.6	2.2	2.2	9.4
Primary Care and Community Strategy	6.5	1.5	1.5	5.0
Executive Functions	5.4	5.1	5.1	0.3
<b>Grand Total</b>	<b>44.4</b>	<b>14.8</b>	<b>14.8</b>	<b>29.6</b>

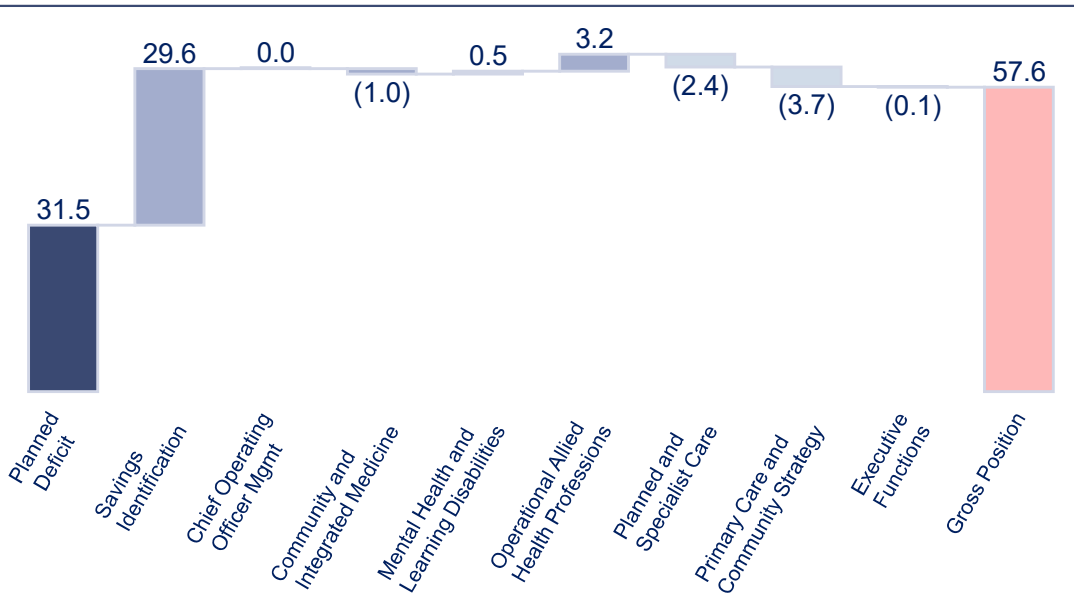
# End of Year: Clinical Care Groups vs Budget



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Financial Performance Against Budget (£'m)



Financial Performance Against Budget (£'m)

	Income	Non-Pay	Pay	Total
Planned Deficit		31.5		31.5
Savings Identification		29.6		29.6
Chief Operating Officer Management	0.0	0.0	0.0	0.0
Community and Integrated Medicine	0.0	(1.0)	0.0	(1.0)
Mental Health and Learning Disabilities	0.0	0.0	0.5	0.5
Operational Allied Health and Health Sciences	(0.7)	2.3	1.6	3.2
Planned and Specialist Care	(0.9)	(0.1)	(1.4)	(2.4)
Primary Care, Community Strategy and Long Term Care	0.0	(5.7)	2.0	(3.7)
Executive Functions	0.0	0.9	(1.0)	(0.1)
<b>Gross Position</b>	<b>(1.6)</b>	<b>57.5</b>	<b>1.7</b>	<b>57.6</b>
Further mitigating actions required				(26.1)
<b>Reported Position</b>				<b>31.5</b>

The **Month 2** end of year forecast financial position is a **deficit of £31.5m**, which is in line with the Annual Deficit Plan of £31.5m. The **core operational variance to plan is £(3.5)m**, with the annual **savings** target of £44.4m being **under-identified by £29.6m**, and all current savings schemes identified of £14.8m being fully delivered. Future **mitigating actions** identification requirement to deliver a deficit position of £31.5m is **£(26.1)m**.

Significant focus is therefore needed across the organisation to identify, plan and deliver the savings requirements that have been set as part of the Annual Plan.

# In-Month: Financial Position Summary



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Headline	Reported Position	Savings Identification Gap	Savings Delivery Gap	Core Operational Variation
	<p><b>£2.7m</b> <span style="color: red;">●</span></p> <p>Annual Plan = £2.6m Prior Month Forecast = £3.9m</p>	<p><b>£0.3m</b> <span style="color: red;">●</span></p> <p>Savings Target = £3.7m Total Identified = £3.4m</p>	<p><b>£0.0m</b> <span style="color: green;">●</span></p> <p>Saving Delivery = £3.4m Prior Month Delivery = £1.7m</p>	<p><b>£(0.2)m</b> <span style="color: green;">●</span></p> <p>Prior Month Variation = £(0.7)m</p>
Pay	<p>Total Pay</p> <p><b>£54.9m</b> <span style="color: red;">●</span></p> <p>Plan = £54.4m Prior Month Actual = £55.1m</p>	<p>Substantive</p> <p><b>£50.3m</b> <span style="color: green;">●</span></p> <p>Plan = £52.6m Prior Month Actual = 50.2m</p>	<p>Variable</p> <p><b>£3.7m</b> <span style="color: red;">●</span></p> <p>Plan = £1.5m Prior Month Actual = £4.4m</p>	<p>Agency (Premium)</p> <p><b>£0.9m</b> <span style="color: red;">●</span></p> <p>Plan = £0.3m Prior Month Actual = £0.5m</p>
Non-Pay	<p>Primary Care Drugs</p> <p><b>£7.0m</b> <span style="color: green;">●</span></p> <p>Plan = £7.0m Prior Month Actual = £7.3m</p>	<p>Secondary Care Drugs</p> <p><b>£6.3m</b> <span style="color: green;">●</span></p> <p>Plan = £6.4m Prior Month Actual = £5.8m</p>	<p>Continuing Healthcare</p> <p><b>£5.4m</b> <span style="color: red;">●</span></p> <p>Plan = £5.3m Prior Month Actual = £5.2m</p>	<p>Clinical Services &amp; Supplies</p> <p><b>£4.0m</b> <span style="color: green;">●</span></p> <p>Plan = £4.1m Prior Month Actual = £3.5m</p>

**Key Drivers**

The Month 2 financial position is a **deficit of £2.7m**, which is a worsening against the in-month **Deficit Plan of £2.6m**. The **core operational variance to plan is £(0.2)m**, with the in-month **savings target of £3.7m** being **under-identified by £0.3m**, and all savings schemes identified of £3.4m being fully delivered.

# In-Month: Key Drivers vs Budget



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Spend Category	£'m	Supporting Information
Planned Deficit	2.6	As per Annual Plan submission to Welsh Government
Savings Identification Gap / (Surplus)	0.3	In-month identification £3.4m against £3.7m target
Administration and Estates	0.3	Year to date non recurrent savings identification of vacant posts.
Allied Health, Scientists and Other	0.0	On plan, with no material deviation
Medical and Dental	0.3	Premium costs to cover vacancies witing Mental Health and Learning Disabilities and Primary Care, Community Strategy and Long Term Care.
Nursing, Midwifery and Clinical Support	(0.1)	Community and Integrated Medicine reductions due to vacancies within Pembrokeshire & Ceredigion.
Clinical Services and Supplies	(0.1)	Orthopaedic implants in Operating theatres, low visual aids in Ophthalmology and a reduction in Breast external tests. Day Surgery Theatre sessions remain closed on weekends.
Commissioned Healthcare Services	(1.0)	Primary Care, Community Strategy and Long Term Care Dental contracts handed back to the Health Board.
Drugs and Prescribing	(0.1)	Oncology drugs underspend due to 11.8% reduction to drugs costs per patient compared to prior year and NICE treatments increases expected later in the year.
Other Non-Pay	0.4	Legal services within Nursing, Quality & Patient Experience & Planned and Specialist Theatre Services & Critical Care Costs.
Income	0.1	No material movement
<b>Reported Position</b>	<b>2.7</b>	

# 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
Chief Operating Officer Management	0.1	0.0	0.0	0.1
Community and Integrated Medicine	0.6	0.0	(0.5)	0.1
Mental Health and Learning Disabilities	0.0	0.0	0.3	0.3
Operational Allied Health and Health Sciences	0.3	0.0	(0.1)	0.2
Planned and Specialist Care	0.2	0.0	(0.6)	(0.4)
Primary Care, Community Strategy and Long Term Care	0.1	0.0	(0.2)	(0.1)
Executive Functions	(1.0)	0.0	0.9	(0.1)
<b>Sub Total</b>	<b>0.3</b>	<b>0.0</b>	<b>(0.2)</b>	<b>0.1</b>
Planned Deficit				2.6
<b>Reported Position</b>				<b>2.7</b>

# In-Month: Clinical Care Group Savings

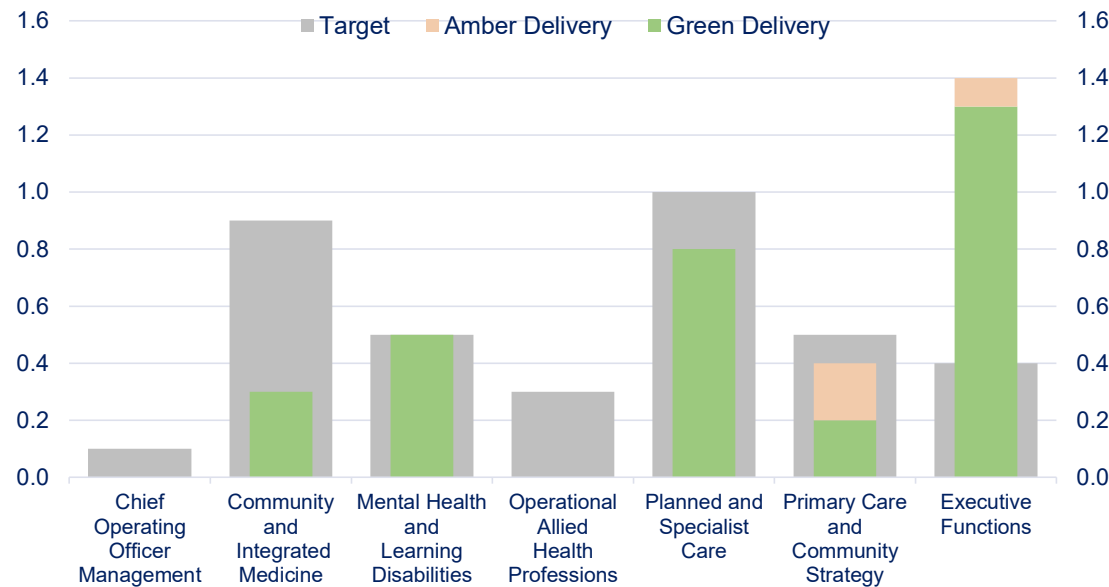


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<b>Savings</b>	<b>Savings Target</b> <h2 style="margin: 0;">£3.7m</h2> <p>Recurrent = £1.6m Non-Recurrent = £2.1m</p>	<b>Savings Identification</b> <h2 style="margin: 0;">£3.4m</h2> <p>92% of Savings Target</p>	<b>Savings Delivery</b> <h2 style="margin: 0;">£3.4m</h2> <p>Recurrent = £0.8m Non-Recurrent = £2.6m</p>	<b>Savings Gap to Target</b> <h2 style="margin: 0;">£0.3m</h2> <p>8% Under Identified against Target</p>
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**Savings Delivery vs Target (£'m)**



**Savings Performance Breakdown (£'m)**

Clinical Care Group	Target	Plan	Delivery	Gap
Chief Operating Officer Management	0.1	0.0	0.0	0.1
Community and Integrated Medicine	0.9	0.3	0.3	0.6
Mental Health and Learning Disabilities	0.5	0.5	0.5	0.0
Operational Allied Health and Health Sciences	0.3	0.0	0.0	0.3
Planned and Specialist Care	1.0	0.8	0.8	0.2
Primary Care and Community Strategy	0.5	0.4	0.4	0.1
Executive Functions	0.4	1.4	1.4	(1.0)
<b>Grand Total</b>	<b>3.7</b>	<b>3.4</b>	<b>3.4</b>	<b>0.3</b>

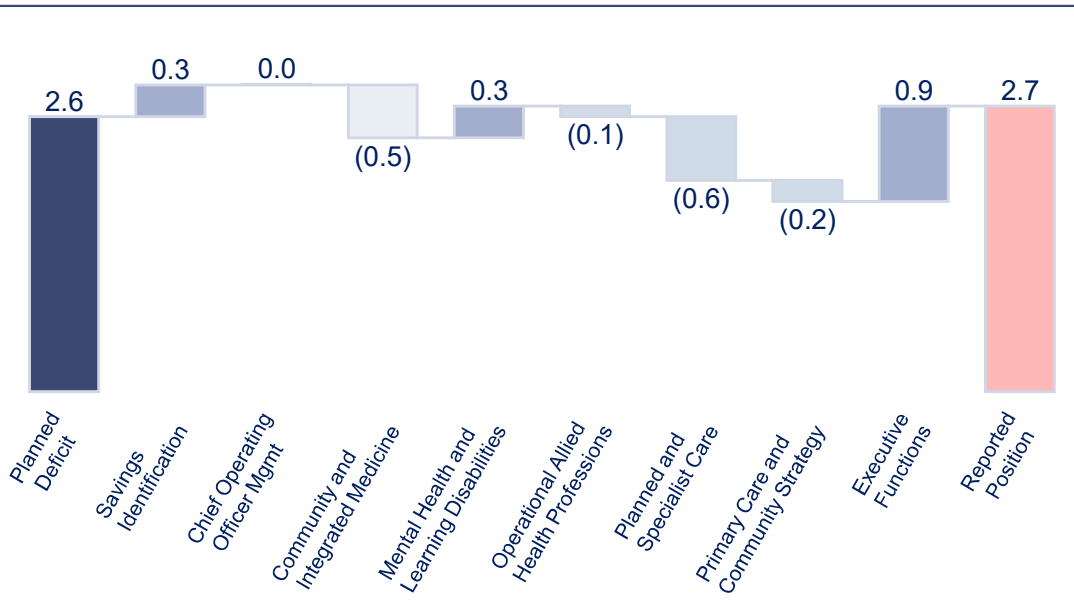
# In-Month: Clinical Care Groups vs Budget



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Financial Performance Against Budget (£'m)



Financial Performance Against Budget (£'m)

	Income	Non-Pay	Pay	Total
Planned Deficit		2.6		2.6
Savings Identification		0.3		0.3
Chief Operating Officer Management	0.0	0.0	0.0	0.0
Community and Integrated Medicine	0.0	(0.1)	(0.4)	(0.5)
Mental Health and Learning Disabilities	0.0	0.1	0.2	0.3
Operational Allied Health and Health Sciences	(0.1)	(0.1)	0.1	(0.1)
Planned and Specialist Care	0.0	(0.5)	(0.1)	(0.6)
Primary Care, Community Strategy and Long Term Care	0.0	(0.4)	0.2	(0.2)
Executive Functions	0.2	0.2	0.5	0.9
<b>Total</b>	<b>0.1</b>	<b>2.1</b>	<b>0.5</b>	<b>2.7</b>

The Month 2 financial position is a **deficit of £2.7m**, which is a worsening against the in-month **Deficit Plan of £2.6m**. The **core operational variance to plan is £(0.2)m**, with the in-month **savings target of £3.7m being under-identified by £0.3m**, and all savings schemes identified of £3.4m being fully delivered.

Conversion of underspends to non-recurrent savings of £1.7m have been recognised across various portfolios, of which £0.3m relates to **Unapproved Investments** identified as underspends savings.

# Year to Date: Financial Position Summary



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Key Drivers	<p>The Month 2 year to date financial position is a <b>deficit of £6.6m</b>, which is a worsening against the year to date <b>Deficit Plan of £5.2m</b>. The <b>core operational variance to plan is £(0.9)m</b>, with the year to date <b>savings target</b> of £7.4m being <b>under-identified by £2.3m</b>, and all savings schemes identified of £5.1m being fully delivered.</p>				
	Headline	<p>Reported Position</p> <p><b>£6.6m</b> <span style="color: red;">●</span></p> <p>Annual Plan = £5.2m</p>	<p>Savings Identification Gap</p> <p><b>£2.3m</b> <span style="color: red;">●</span></p> <p>Savings Target = £7.4m Total Identified = £5.1m</p>	<p>Savings Delivery Gap</p> <p><b>£0.0m</b> <span style="color: green;">●</span></p> <p>Savings Delivery = £5.1m Prior Month Delivery = £1.7m</p>	<p>Core Operational Variation</p> <p><b>£(0.9)m</b> <span style="color: green;">●</span></p> <p>Prior Month Variation = £(0.7)m</p>
	Pay	<p>Total Pay</p> <p><b>£110.0m</b> <span style="color: red;">●</span></p> <p>Plan = £109.0m Prior Month Actual = £55.1m</p>	<p>Substantive</p> <p><b>£100.5m</b> <span style="color: red;">●</span></p> <p>Plan = £105.4m Prior Month Actual = £50.2m</p>	<p>Variable</p> <p><b>£8.1m</b> <span style="color: red;">●</span></p> <p>Plan = £2.9m Prior Month Actual = £4.4m</p>	<p>Agency (Premium)</p> <p><b>£1.4m</b> <span style="color: red;">●</span></p> <p>Plan = £0.7m Prior Month Actual = £0.5m</p>
	Non-Pay	<p>Primary Care Drugs</p> <p><b>£14.3m</b> <span style="color: green;">●</span></p> <p>Plan = £14.3m Prior Month Actual = £7.3m</p>	<p>Secondary Care Drugs</p> <p><b>£12.0m</b> <span style="color: green;">●</span></p> <p>Plan = £12.5m Prior Month Actual = £5.8m</p>	<p>Continuing Healthcare</p> <p><b>£10.6m</b> <span style="color: red;">●</span></p> <p>Plan = £10.4m Prior Month Actual = £5.2m</p>	<p>Clinical Services &amp; Supplies</p> <p><b>£7.5m</b> <span style="color: green;">●</span></p> <p>Plan = £7.8m Prior Month Actual = £3.5m</p>

# Year to Date: Key Drivers vs Budget



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Spend Category	£'m	Supporting Information
Planned Deficit	5.2	As per Annual Plan submission to Welsh Government
Savings Identification Gap / (Surplus)	2.3	Savings identified of £5.1m against £7.4m savings target
Administration and Estates	0.1	Apprentice Levy costs within Health Board Wide.
Allied Health, Scientists and Other	0.0	Primary Care and Operational Allied Health Professions and Health Scientists are over-established, offset by underspends within Mental Health and Learning Disabilities.
Medical and Dental	0.9	Premium costs to cover vacancies within Mental Health, Primary Care and Women and Children. Ceredigion and Pembrokeshire double cover of Medical Rotas due to sickness, absences and retrospective claims.
Nursing, Midwifery and Clinical Support	(0.1)	Planned and Specialist Care reductions due to vacancies within Theatre Services, offset by bank, agency and overtime usage in Glangwili and dual running of Supernumerary Nurses at Bronglais to cover International Nurses
Clinical Services and Supplies	(0.3)	Clinical Consumables reduced expenditure due to reductions in Trauma and Orthopaedic implants, low visual aids in Ophthalmology, reduction in Breast external tests and Critical Care Occupancy reduction of 6.2%.
Commissioned Healthcare Services	(1.1)	Primary Care, Community Strategy and Long Term Care Dental contracts handed back to the Health Board.
Drugs and Prescribing	(0.5)	Oncology drugs underspend due to 11.8% reduction to drugs costs per patient compared to prior year and NICE treatments increases expected later in the year.
Other Non-Pay	0.3	Legal services within Nursing, Quality & Patient Experience & Planned and Specialist Theatre Services & Critical Care Costs.
Income	(0.2)	Medical grant income for research and development projects and education and training. Women and Children Health Education Improvement Wales and Flying start income overachievement. Velindre Drug Rebate Income.
<b>Reported Position</b>	<b>6.6</b>	

# 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
Chief Operating Officer Management	0.1	0.0	(0.1)	0.0
Community and Integrated Medicine	0.9	0.0	0.0	0.9
Mental Health and Learning Disabilities	0.4	0.0	0.3	0.7
Operational Allied Health and Health Sciences	0.5	0.0	0.1	0.6
Planned and Specialist Care	1.0	0.0	(1.4)	(0.4)
Primary Care, Community Strategy and Long Term Care	0.6	0.0	(0.6)	0.0
Executive Functions	(1.2)	0.0	0.8	(0.4)
<b>Sub Total</b>	<b>2.3</b>	<b>0.0</b>	<b>(0.9)</b>	<b>1.4</b>
Planned Deficit				5.2
<b>Reported Position</b>				<b>6.6</b>

# Year to Date: Clinical Care Group Savings



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Savings

Savings Target

£7.4m

Annual Plan = £44.4m

Savings Identification

£5.1m

69% of Savings Target

Savings Delivery

£5.1m

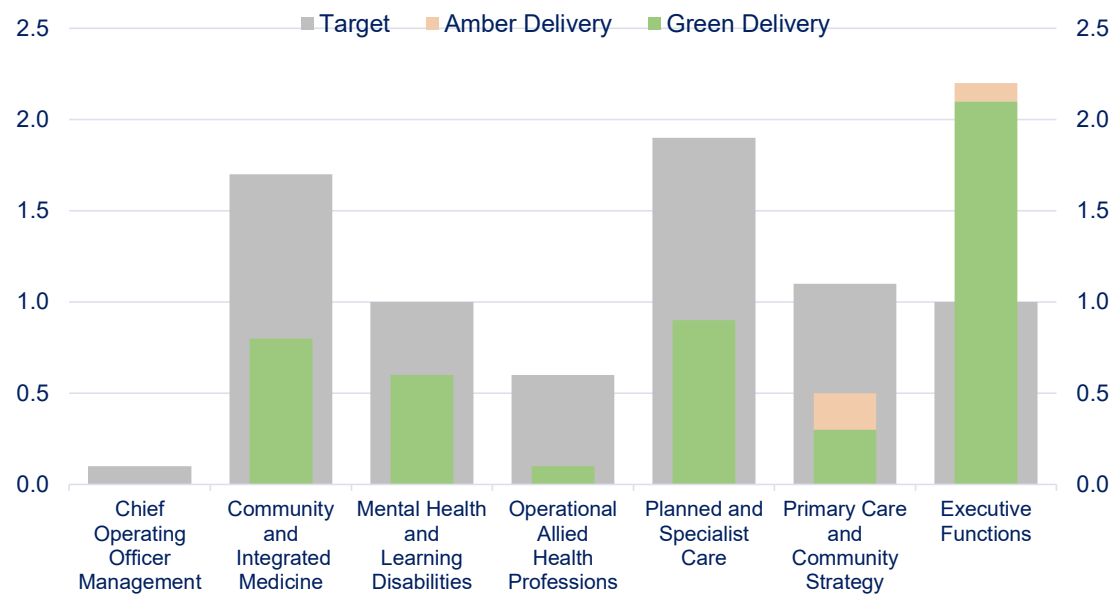
Recurrent = £1.4m  
Non-Recurrent = £3.7m

Savings Gap to Target

£2.3m

31% of Savings Target

Savings Delivery vs Target (£'m)



Savings Performance Breakdown (£'m)

Clinical Care Group	Target	Plan	Delivery	Gap
Chief Operating Officer Management	0.1	0.0	0.0	0.1
Community and Integrated Medicine	1.7	0.8	0.8	0.9
Mental Health and Learning Disabilities	1.0	0.6	0.6	0.4
Operational Allied Health and Health Sciences	0.6	0.1	0.1	0.5
Planned and Specialist Care	1.9	0.9	0.9	1.0
Primary Care and Community Strategy	1.1	0.5	0.5	0.6
Executive Functions	1.0	2.2	2.2	(1.2)
<b>Grand Total</b>	<b>7.4</b>	<b>5.1</b>	<b>5.1</b>	<b>2.3</b>

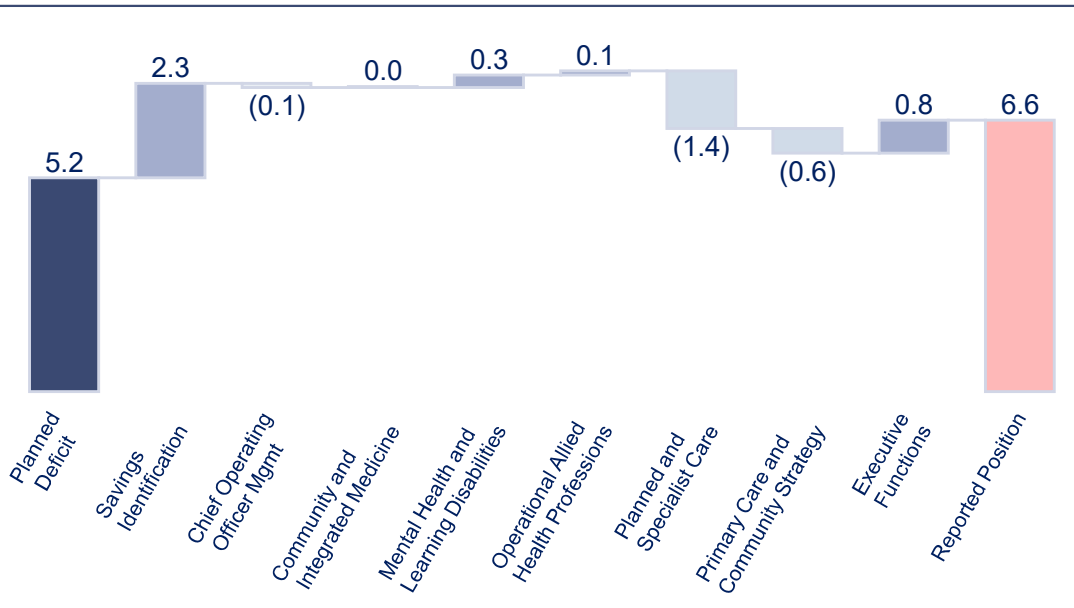
# Year to Date: Clinical Care Groups vs Budget



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Financial Performance Against Budget (£'m)



Financial Performance Against Budget (£'m)

	Income	Non-Pay	Pay	Total
Planned Deficit		5.2		5.2
Savings Identification		2.3		2.3
Chief Operating Officer Management	0.0	0.0	(0.1)	(0.1)
Community and Integrated Medicine	0.0	(0.2)	0.2	0.0
Mental Health and Learning Disabilities	0.0	0.3	0.0	0.3
Operational Allied Health and Health Sciences	(0.1)	0.0	0.2	0.1
Planned and Specialist Care	(0.2)	(1.1)	(0.1)	(1.4)
Primary Care, Community Strategy and Long Term Care	0.0	(1.0)	0.4	(0.6)
Executive Functions	0.1	0.4	0.3	0.8
Reported Position	(0.2)	5.9	0.9	6.6

The Month 2 year to date financial position is a **deficit of £6.6m**, which is a worsening against the year to date **Deficit Plan of £5.2m**. The **core operational variance to plan is £(0.9)m**, with the year to date **savings target of £7.4m** being **under-identified by £2.3m**, and all savings schemes identified of £5.1m being fully delivered.

# Capital Performance



GIG  
CYMRU  
NHS  
WALES

Bwrdd Iechyd Prifysgol  
Hywel Dda  
University Health Board

Capital

Total Capital Performance

**£28.8m** ●

Annual Plan = £28.8m

All Wales Capital

**£21.6m** ●

Annual Plan = £21.6m

Discretionary Capital

**£7.2m** ●

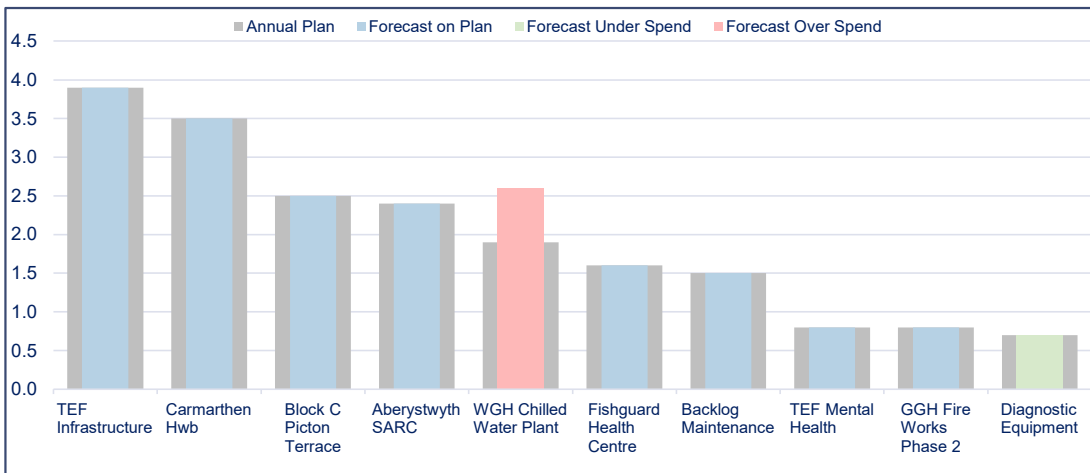
Annual Plan = £7.2m

IFRS 16

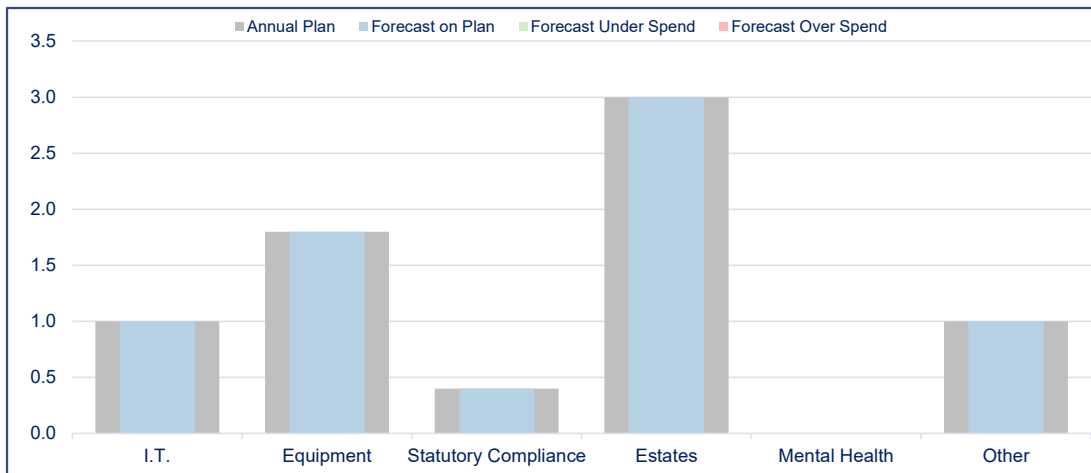
**Data from Month 3 onwards**

CRL = Data from Month 3

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



Discretionary Capital Programme Category Summary (£'m)

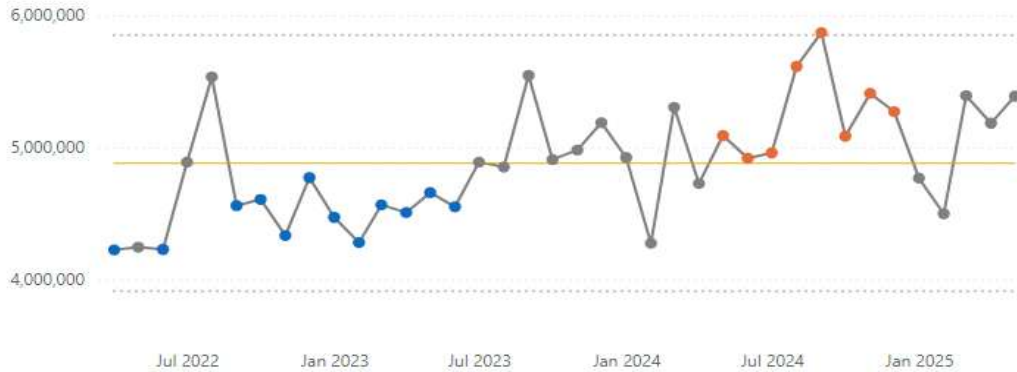


Delivery against the capital programme is currently low risk.

Spend on the WGH Chilled water plant and diagnostic equipment have been combined under one scheme which explains the adverse and favourable variances against those schemes.

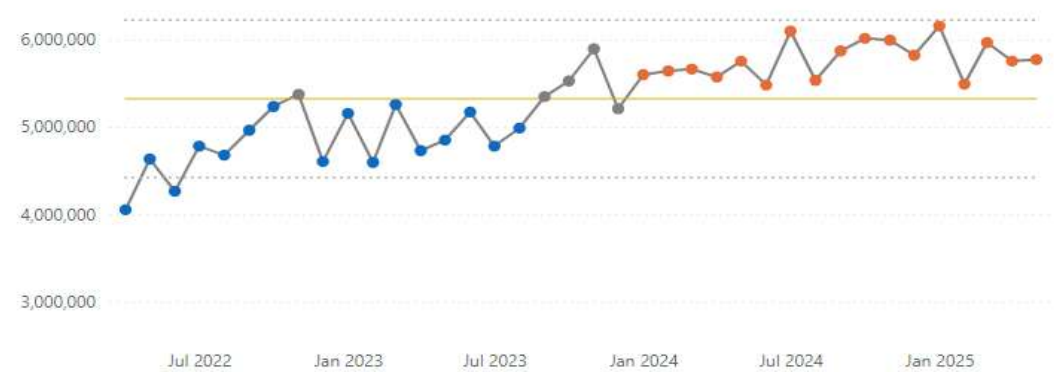
# Trend Analysis: Non-Pay

## Continuing Healthcare Expenditure (£'m)



Net increase in Continuing Healthcare packages, and cost pressures in-month particularly within Children's Continuing Healthcare Packages.

## Secondary Care Drugs Expenditure (£'m)



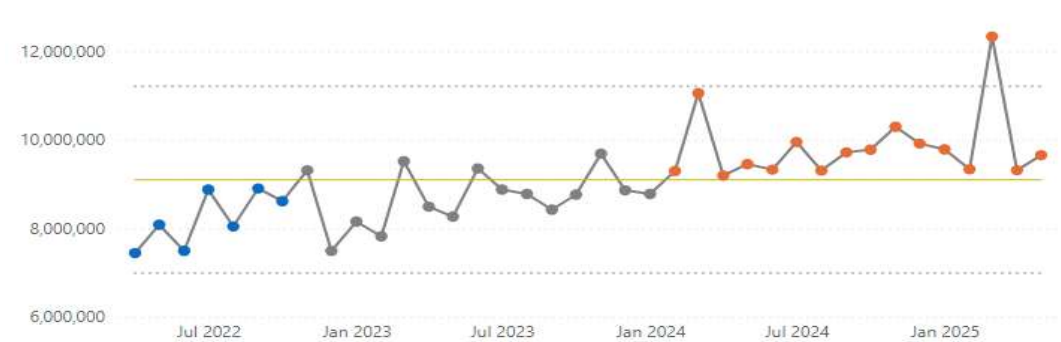
Oncology Drugs cost 14.8% (£138 per patient) below prior year cost.

## Primary Care Prescribing Expenditure (£'m)



Despite decreasing levels in the volume of prescriptions in Q4 of 24/25, prescribing has returned to normal levels in line with the mean in Q1 of 25/26.

## Clinical Services and Supplies (£'m)



Expenditure has returned to just above the mean in Q1 25/26, despite a steadily increasing trend over the last 24 months.

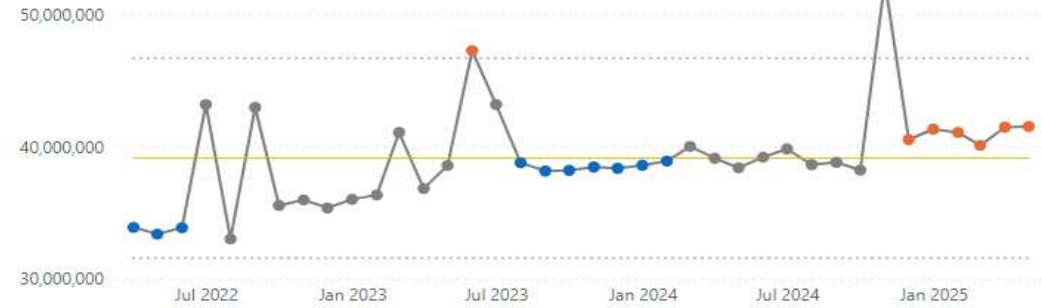
# Trend Analysis: Pay – Agenda for Change

**Total (WTE)**



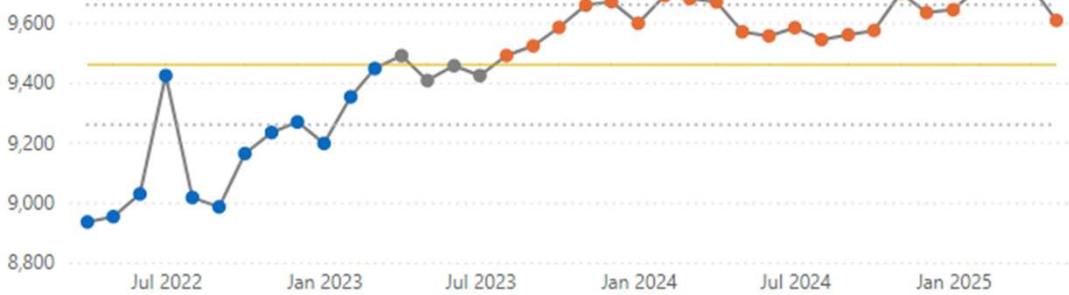
There has been an increase of 615 Total WTE since April 2022.

**Total (£'m)**



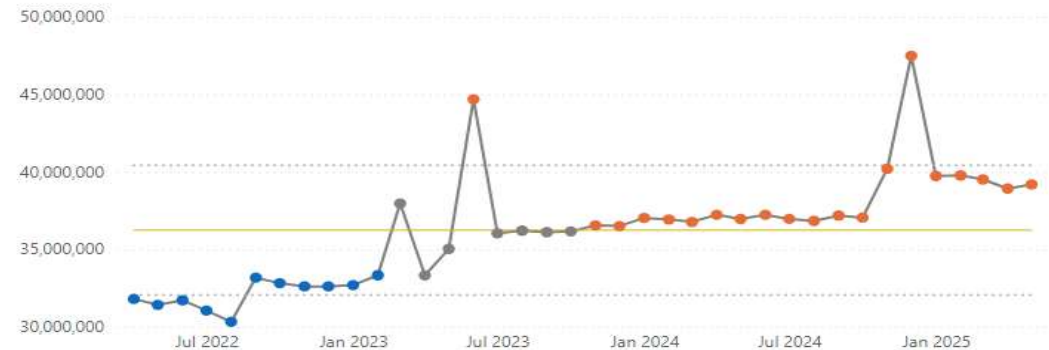
Total Pay spend has increased by circa £8.0m, from £34.0m in April 2022 to £42.0m in May 2025.

**Substantive (WTE)**



There has been an increase of 672 Substantive WTE since April 2022.

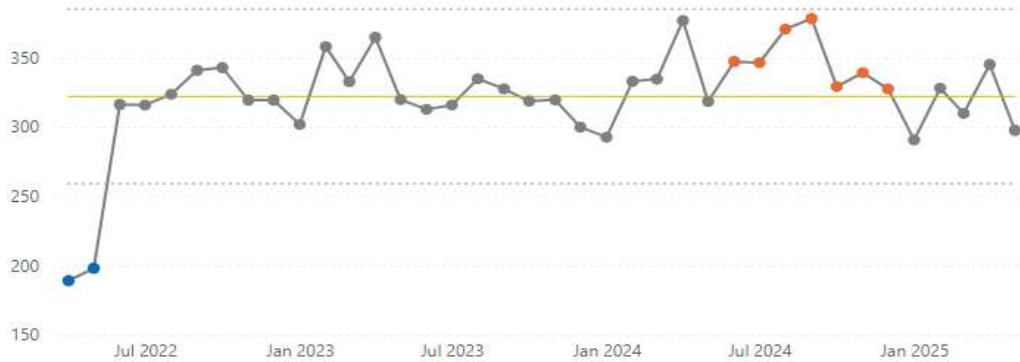
**Substantive (£'m)**



Substantive Pay spend has increased by circa £7.0m, from £32.0m in April 2022 to £39.0m in May 2025.

# Trend Analysis: Pay – Agenda for Change

### Bank (WTE)



There has been an overall increase of 109 Bank WTE since April 2022, but a reduction of 47 WTE from prior month, which is offset by an increase in Substantive WTE.

### Bank (£'m)



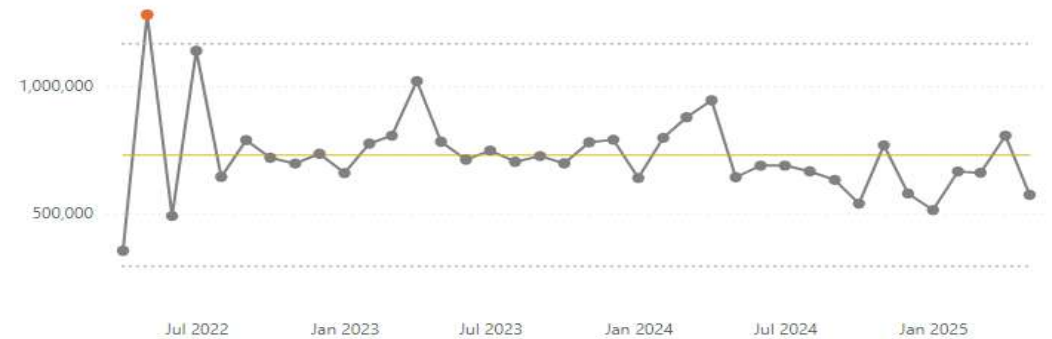
Bank spend in Month 2 is £1.2m, which is a reduction from £1.4m spend in Month 1. This is also an overall reduction to the £1.6m Bank expenditure in April 2022.

### Overtime (WTE)



The Overtime WTE reported in Month 2 is in line with the levels seen in April 2022. There was a reduction of 40 Overtime WTE from prior month.

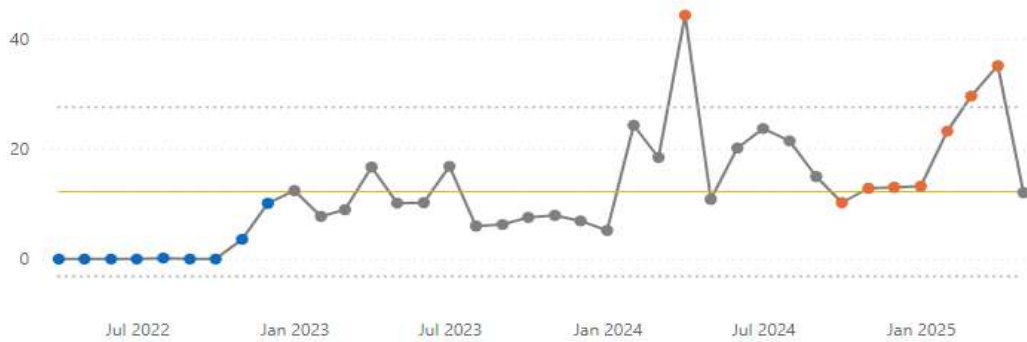
### Overtime (£'m)



Overtime spend in Month 2 is £572k, which is a reduction from £804k spend in Month 1. This is however an overall increase to the £352k Overtime expenditure in April 2022.

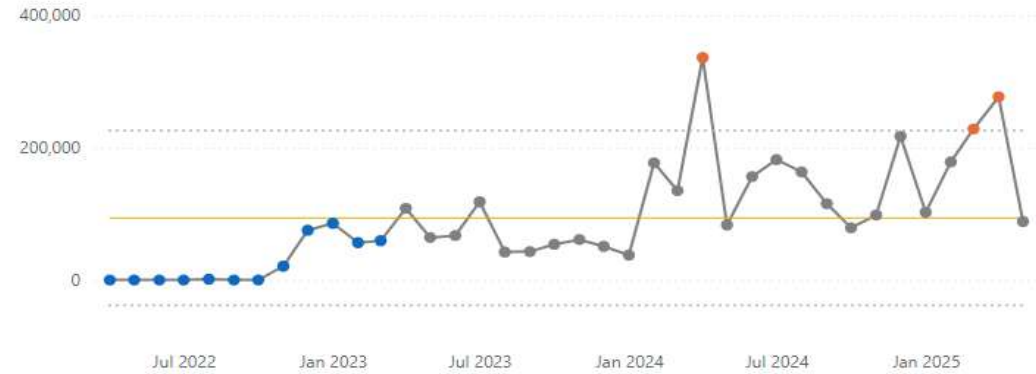
# Trend Analysis: Pay – Agenda for Change

## Waiting List Initiative (WTE)



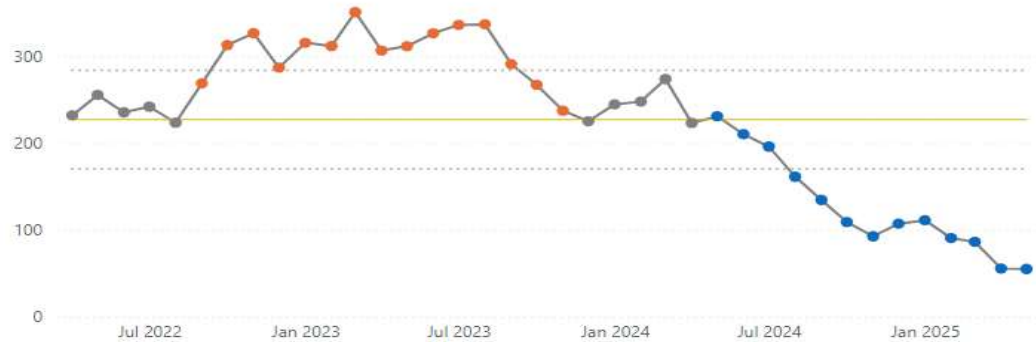
There has been a reduction of 23 Waiting List Initiative WTE from prior month. Month 2 WTE of 12 is below the average of 16 WTE for the past 2 years.

## Waiting List Initiative (£'m)



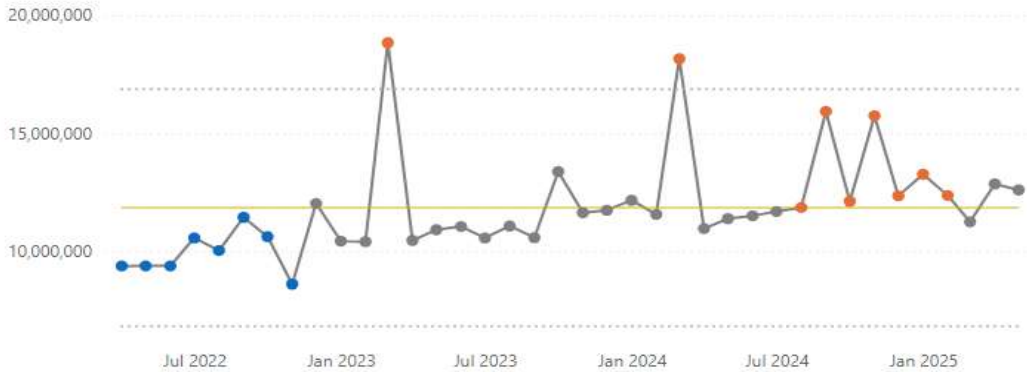
Waiting List Initiative spend in Month 2 is £88k, which is a reduction from £277k spend in Month 1. Month 2 expenditure is slightly below the average of £123k for the past 2 years.

## Agency Premium (WTE)



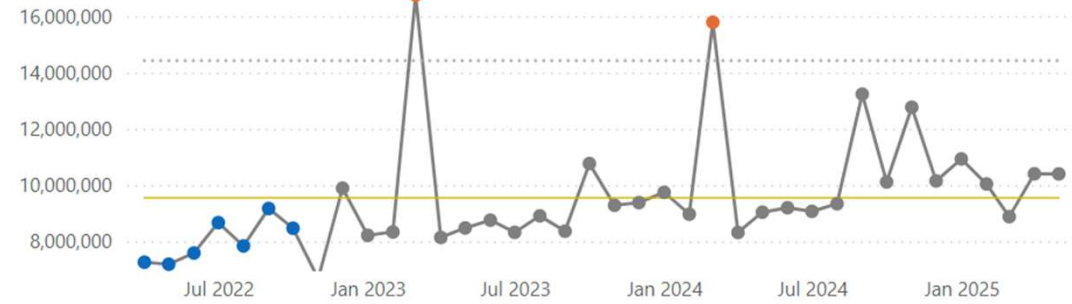
# Trend Analysis: Pay – Medical and Dental

## Total (£'m)



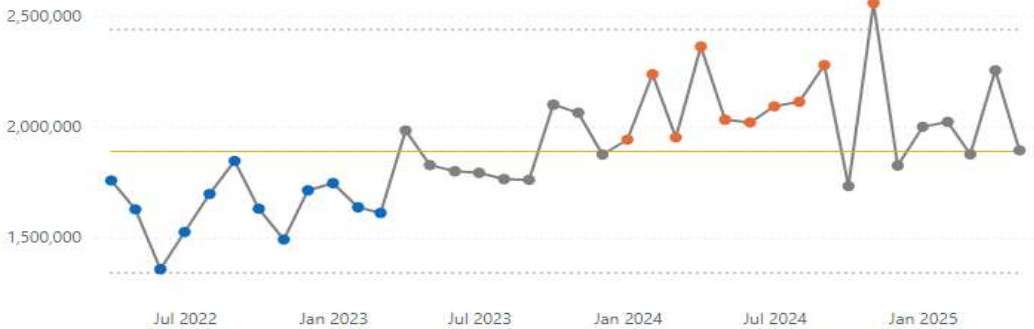
Total Medical and Dental Pay Spend has increased by circa £2.0m from April 2022 expenditure levels.

## Substantive (£'m)



Substantive Spend has increased from £7.1m in April 2022 to £10.4m in Month 2. Q1 25/26 has increased by circa £0.6m from Q4 24/25 partly driven by National Insurance uplifts.

## Variable (£'m)



Medical Variable Pay has slightly increased from £1.8m in April 2022, to £1.9m in May 2025. Month 2 has seen a reduction of £0.4m Medical Variable spend from Month 1.

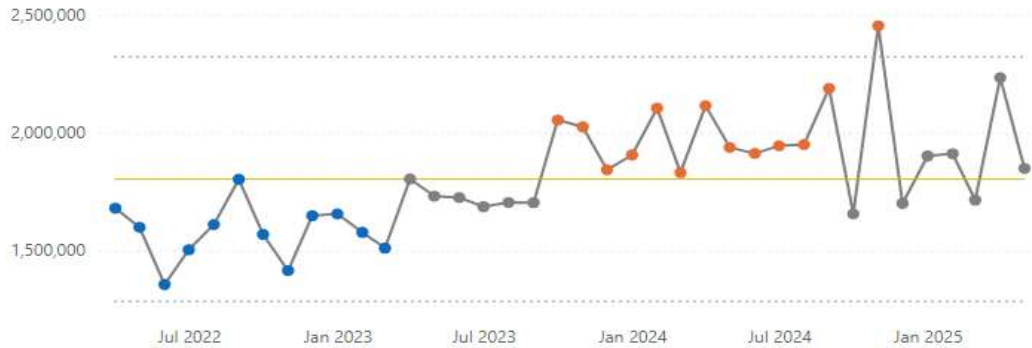
## Agency Premium (£'m)



Month 2 Agency Premium Medical expenditure is in line with the expenditure levels in May 2022 at circa £300k. There has been an increase of £100k expenditure from Month 1.

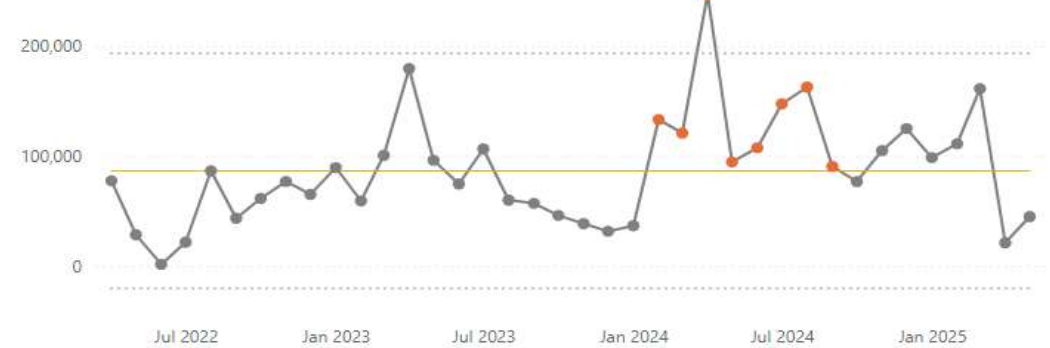
# Trend Analysis: Pay – Medical and Dental

## Additional Hours (£'m)



There has been an overall increase in Medical Additional Hours spend from £1.7m in May 2022 to £1.8m in May 2025. Month 2 saw a £0.4m reduction in expenditure from Month 1.

## Waiting List Initiative (£'m)



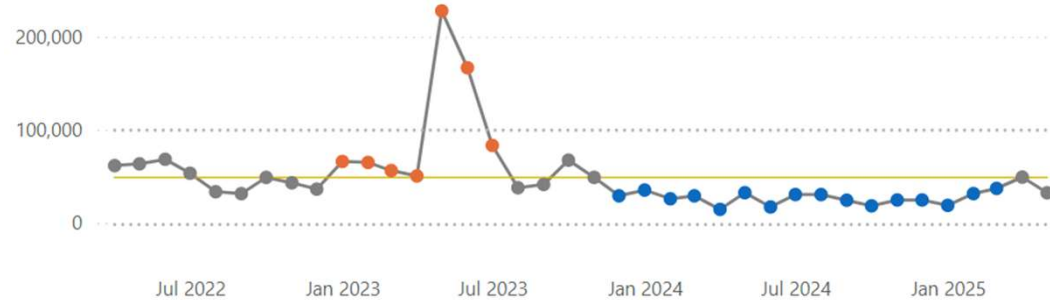
There's a slight reduction in the Waiting List Initiative expenditure from April 2022. Q1 25/26 expenditure has reduced by circa £100k from Q4 24/25.

## On Contract Agency Premium (£'m)



The On Contract Agency Premium expenditure in Month 2 is in line with expenditure levels in April 2022, however there's an increase of £100k seen in Month 2 compared to Month 1.

## Off Contract Agency Premium (£'m)



Off Contract Agency Premium is now reported separately to On Contract Agency spend and has been reduced to minimal levels since 24/25.

# 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
<b>Chief Executive</b>	<b>38</b>	<b>255</b>	<b>38</b>	<b>217</b>	<b>255</b>	<b>(217)</b>	<b>7.5%</b>	<b>38</b>	<b>(0)</b>	<b>1.1%</b>
<b>Chief Operating Officer</b>	<b>39,046</b>	<b>9,675</b>	<b>7,129</b>	<b>2,545</b>	<b>9,675</b>	<b>29,372</b>	<b>1.3%</b>	<b>7,179</b>	<b>31,868</b>	<b>0.9%</b>
Chief Operating Officer Management	762	0	0	0	0	762	0.0%	0	762	0.0%
Community and Integrated Medicine	10,483	3,342	2,756	586	3,342	7,141	1.4%	2,795	7,688	1.1%
Mental Health and Learning Disabilities	5,851	2,153	1,257	896	2,153	3,698	2.1%	1,257	4,594	1.2%
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	2,189	1,458	731	2,189	9,449	1.0%	1,469	10,170	0.7%
Primary Care, Community Strategy and Long Term Care	6,529	1,532	1,200	332	1,532	4,997	1.4%	1,200	5,329	1.1%
<b>Executive Director Of Allied Health Professions and Health Sciences</b>	<b>2,063</b>	<b>316</b>	<b>316</b>	<b>0</b>	<b>316</b>	<b>1,747</b>	<b>0.6%</b>	<b>316</b>	<b>1,747</b>	<b>0.6%</b>
Estates and Facilities	2,053	316	316	0	316	1,737	0.6%	316	1,737	0.6%
Executive Allied Health Professions and Health Sciences	10	0	0	0	0	10	0.0%	0	10	0.0%
<b>Executive Director Of Finance</b>	<b>377</b>	<b>923</b>	<b>493</b>	<b>429</b>	<b>923</b>	<b>(545)</b>	<b>4.0%</b>	<b>527</b>	<b>(150)</b>	<b>2.3%</b>
Digital	271	728	384	344	728	(458)	4.2%	417	(147)	2.4%
Finance	106	194	109	85	194	(88)	3.3%	109	(3)	1.8%
<b>Executive Director Of Nursing, Quality and Patient Experience</b>	<b>243</b>	<b>303</b>	<b>201</b>	<b>102</b>	<b>303</b>	<b>(59)</b>	<b>3.2%</b>	<b>243</b>	<b>0</b>	<b>2.6%</b>
<b>Executive Director Of Public Health</b>	<b>107</b>	<b>730</b>	<b>107</b>	<b>623</b>	<b>730</b>	<b>(623)</b>	<b>11.1%</b>	<b>107</b>	<b>(0)</b>	<b>1.6%</b>
<b>Executive Director Of Strategy and Planning</b>	<b>1,902</b>	<b>802</b>	<b>61</b>	<b>741</b>	<b>802</b>	<b>1,100</b>	<b>1.3%</b>	<b>61</b>	<b>1,841</b>	<b>0.1%</b>
LTA'S With Other NHS Providers	1,841	483	0	483	483	1,358	0.8%	0	1,841	0.0%
Strategy and Planning	61	319	61	258	319	(258)	8.6%	61	(0)	1.6%
<b>Executive Director Of Workforce and Organisational Development</b>	<b>247</b>	<b>645</b>	<b>154</b>	<b>491</b>	<b>645</b>	<b>(398)</b>	<b>4.3%</b>	<b>154</b>	<b>93</b>	<b>1.0%</b>
Executive Medical Director	74	74	74	0	74	(0)	1.7%	74	(0)	1.7%
<b>Health Board Wide</b>	<b>303</b>	<b>1,048</b>	<b>224</b>	<b>823</b>	<b>1,048</b>	<b>(744)</b>	<b>2.9%</b>	<b>224</b>	<b>79</b>	<b>0.6%</b>
<b>Grand Total</b>	<b>44,400</b>	<b>14,770</b>	<b>8,797</b>	<b>5,972</b>	<b>14,770</b>	<b>29,631</b>	<b>1.5%</b>	<b>8,923</b>	<b>35,478</b>	<b>0.9%</b>

# 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	20				0	(1)		23	0	41
Chief Operating Officer	(22)	63	(110)	57	(319)	(360)	(469)	93	(59)	(1,127)
Chief Operating Officer Management	17	(29)	(20)	4	(0)	(3)		(4)	(12)	(47)
Community and Integrated Medicine	(84)	(19)	(215)	(102)	(17)	(65)	16	(92)	35	(544)
Mental Health and Learning Disabilities	7	(36)	75	128	(2)	244	(61)	(50)	(5)	300
Operational Allied Health and Health Sciences	12	94	8	19	(66)	32	(54)	(7)	(82)	(44)
Planned and Specialist Care	62	(10)	(171)	25	(244)	23	(366)	66	(27)	(643)
Primary Care, Community Strategy and Long Term Care	(36)	63	214	(17)	11	(592)	(3)	180	33	(148)
Executive Director of Allied Health Professions and Health Sciences	(34)	(21)	5	(2)	2	(1)	2	90	28	68
Estates and Facilities	(46)		5	(2)	2		2	90	28	79
Executive Allied Health Professions and Health Sciences	11	(21)				(1)				(11)
Executive Director of Finance	(10)		1	6	0	(49)		(21)	25	(49)
Digital	(10)		1	6	0	(38)		(42)	13	(71)
Finance	0					(11)		21	12	22
Executive Director of Nursing, Quality and Patient Experience	(37)	3	0	92	(0)	(87)		105	8	83
Executive Director of Public Health	242	16	(13)	(15)	(4)	(2)	(189)	(49)	(13)	(27)
Executive Director of Strategy and Planning	(6)	(0)	9			36	1	(4)	(9)	26
LTAs with other NHS Providers	2					37	1	(0)		39
Strategy and Planning	(9)	(0)	9			(1)		(4)	(9)	(13)
Executive Director of Workforce and Organisational Development	169	(34)	(4)	(131)	0	(39)	(2)	(21)	6	(56)
Executive Medical Director	(83)	(47)	15	(71)	(7)		(0)	4	170	(21)
Health Board Wide	52		387		200	(459)	511	162	(23)	831
Planned Deficit								2,625		2,625
Savings Identification								285		285
<b>Grand Total</b>	<b>290</b>	<b>(21)</b>	<b>289</b>	<b>(65)</b>	<b>(128)</b>	<b>(963)</b>	<b>(147)</b>	<b>3,291</b>	<b>134</b>	<b>2,679</b>

# 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	(2)				0	(3)		27	1	23
Chief Operating Officer	(200)	(3)	787	107	(547)	(986)	(853)	320	(312)	(1,688)
Chief Operating Officer Management	28	(54)	(41)	11	8	(6)		1	(27)	(81)
Community and Integrated Medicine	(166)	(36)	278	165	(78)	(123)	(76)	36	(37)	(36)
Mental Health and Learning Disabilities	(40)	(153)	127	52	(7)	367	(59)	(19)	(3)	265
Operational Allied Health and Health Sciences	23	141	24	54	(27)	45	3	(10)	(98)	155
Planned and Specialist Care	10	(33)	121	(185)	(467)	28	(751)	96	(191)	(1,373)
Primary Care, Community Strategy and Long Term Care	(54)	131	277	10	24	(1,297)	30	216	43	(618)
Executive Director of Allied Health Professions and Health Sciences	24	(29)	5	(3)	3	(1)	2	29	69	99
Estates and Facilities	1		5	(3)	3		2	29	69	105
Executive Allied Health Professions and Health Sciences	23	(29)				(1)		1		(7)
Executive Director of Finance	(51)		1	10	0	(132)		73	44	(54)
Digital	(20)		1	10	0	(109)		25	26	(67)
Finance	(31)					(22)		48	19	13
Executive Director of Nursing, Quality and Patient Experience	(58)	(4)	1	61	(1)	16		28	35	78
Executive Director of Public Health	225	34	(28)	(35)	(7)	(4)	(107)	(94)	(12)	(27)
Executive Director of Strategy and Planning	(24)	2	20			29	1	(55)	(17)	(44)
LTAs with other NHS Providers	3					30	1	(1)		34
Strategy and Planning	(27)	2	20			(2)		(54)	(17)	(78)
Executive Director of Workforce and Organisational Development	170	(10)	(3)	(158)	0	(82)	(4)	6	2	(80)
Executive Medical Director	14	3	73	(7)	4		(0)	(77)	(33)	(21)
Health Board Wide	48			(30)	213	32	499	57	(13)	807
Planned Deficit								5,250		5,250
Savings Identification								2,249		2,249
Grand Total	147	(7)	856	(54)	(334)	(1,131)	(463)	7,812	(235)	6,592

# 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	(0)				0	(3)		5	1	3
Chief Operating Officer	(1,448)	545	3,755	100	11	(4,278)	(1,533)	1,287	(1,845)	(3,406)
Chief Operating Officer Management	251	(132)	(246)	146	13	(34)		8	(1)	5
Community and Integrated Medicine	(841)	(178)	601	838	65	(392)	(753)	(24)	(361)	(1,044)
Mental Health and Learning Disabilities	(222)	(852)	954	447	(7)	275	(110)	(19)	28	494
Operational Allied Health and Health Sciences	139	1,023	147	331	2,039	220	109	(4)	(747)	3,256
Planned and Specialist Care	(506)	(62)	971	(1,769)	(2,239)	2,483	(886)	467	(893)	(2,434)
Primary Care, Community Strategy and Long Term Care	(270)	746	1,329	107	140	(6,830)	108	860	129	(3,682)
Executive Director of Allied Health Professions and Health Sciences	171	(175)	33	(20)	18	(1)	14	1,547	0	1,588
Estates and Facilities	34		33	(20)	18		14	1,544	0	1,622
Executive Allied Health Professions and Health Sciences	138	(175)				(1)		3		(35)
Executive Director of Finance	(100)		8	65	0	(739)		1,028	9	272
Digital	(100)		8	65	0	(605)		893	9	272
Finance	(0)					(134)		134	0	0
Executive Director of Nursing, Quality and Patient Experience	(332)	26	1	42	(4)	96		308	235	372
Executive Director of Public Health	489	202	(164)	(201)	(41)	(24)	178	(565)	(73)	(199)
Executive Director of Strategy and Planning	(179)	2	106			(57)	1	(49)	(102)	(278)
LTAs with other NHS Providers	17					(47)	1	(5)		(35)
Strategy and Planning	(196)	2	106			(10)		(43)	(102)	(244)
Executive Director of Workforce and Organisational Development	(459)	(262)	38	168	116	(583)	(57)	534	8	(498)
Executive Medical Director	(6)	8	360	(25)	35		(0)	(351)	(193)	(172)
Health Board Wide	(82)		0	(824)	(17)	3	(22)	(26,604)	235	(27,310)
Planned Deficit								31,500		31,500
Savings Identification								29,630		29,630
Grand Total	(1,946)	347	4,136	(695)	118	(5,586)	(1,419)	38,271	(1,725)	31,500

**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**

Dr Philip Kloer  
Chief Executive  
Hywel Dda University Health Board

Our Ref: JP/HJ/SB

6 June 2025

Dear Phil

### **2025/26 Annual Plan & Financial Position – Next Steps**

Thank you for your response letter of 30<sup>th</sup> April with regard the health board's 2025/26 annual plan. This letter confirms receipt of that supplementary information provided on your plan, and to set out next steps.

Whilst your submission provided some assurance about the processes in place across your organisation and the conversations being explored, it ultimately failed to deliver a material improvement to your plan and its financial position. We have also discussed this at your subsequent JET meeting of 1<sup>st</sup> May. Your plan remains unsupportable and unacceptable, and further actions are essential to deliver the level of improvement that is expected.

For clarity, ten NHS bodies have submitted balanced financial plans for 2025/26, with four health boards unable to meet that requirement and forecasting substantial deficits which cannot be supported. It is imperative that further actions are taken by those four health boards to deliver financial improvement. This is an essential requirement, alongside delivery of other ministerial priorities such as implementing the priority enabling actions of the NHS Wales Planning Framework.

It is anticipated that a decision letter will soon be issued by the Cabinet Secretary to your Chair confirming that the health board has breached its statutory financial and planning duties, which draws the planning process to a close in order to focus on delivery and improvement, and it is anticipated the immediate next steps set out below become a priority for the organisations focus and response.

In terms of next steps:

- You are required to set out by return to me by **30<sup>th</sup> June** the detailed actions that the health board can and will take to reduce the current financial forecast from £31.5m to an improved position.

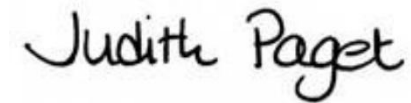
- These must be meaningful and deliverable actions that will reduce the current forecast with clear delivery profiles and milestones in 2025/26.
- As we have discussed, a clear requirement was set for 2025/26 by the Cabinet Secretary in allocating additional funding in 2024/25, that the health board would submit a plan with an improvement trajectory towards in-year financial balance over the next three years. Your current plan to deliver the target control total set in 2024/25 of £31.5m does not meet this requirement. For clarity, I am expecting you submit detailed actions to deliver a forecast position that maintains your outturn position of 2024/25 as a minimum as a stepping stone to that expected improvement trajectory set out.
- We will be arranging for the four health board Chief Executives and Chairs to meet with the Cabinet Secretary and myself over coming weeks to discuss this requirement and expectation further.
- Whilst this process is undertaken, and improvement actions identified, there will be a pause on approving any capital developments that would result in additional capital allocations to the health board, unless there are schemes with immediate urgent, safety, or contractual issues that necessitate an urgent decision. Regular interaction with lead officials will be expected to ensure any key immediate issues by exception can be considered as required.
- As part of these recovery actions for the Hywel Dda position specifically, it is anticipated that:
  - The health board is taking actions to significantly reduce its planned investments set out for 2025/26 of £11.7m. We have discussed the health board is a significant outlier in this regard and planning investments the board cannot resource, for benefits that are unclear.
  - You provide assurance that the actions are in place to deliver your existing planned savings assumptions in full.
  - There are tangible and specific additional actions set out that can be delivered by the health board to reduce the current forecast deficit, with clear consideration of managing any associated impacts of these actions.
  - Rapid progress is made on mitigating your current risks and reducing the expenditure run rate, given your challenging month 1 position. I am expecting rapid actions early in the financial year to reduce risk and provide clarity and confidence in delivery.

If you would value a discussion on this requirement in more detail and the actions that will be implemented, or have any clarification issues, please contact Samia Edmonds and Hywel Jones directly in the first instance who will be happy to support.

As above, it is anticipated that a decision letter will soon be issued by the Cabinet Secretary to your Chair confirming that the health board has breached its statutory financial and planning duties. This, alongside the response to this requirement, will be an important factor when next considering the health board's escalation status.

Following receipt of your further recovery actions on 30<sup>th</sup> June, provided this submission meets the requirements set out above, the focus on forecast delivery will continue via your scheduled IQPD, JET, and escalation meetings, as well as via routine monitoring mechanisms.

Yours sincerely

A handwritten signature in black ink that reads "Judith Paget". The signature is written in a cursive, slightly slanted style.

**Judith Paget CBE**

cc: Hywel Jones, Director of Finance HSCEY Group / NHS Wales  
Samia Edmonds, Planning Director, HSCEY Group