



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

<b>DYDDIAD Y CYFARFOD: DATE OF MEETING:</b>	29 April 2025
<b>TEITL YR ADRODDIAD: TITLE OF REPORT:</b>	Finance Report – Month 12 2024/25
<b>CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:</b>	Huw Thomas, Executive 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 Health Board approved a budget on 28 March 2024 for the purposes of delegating budgets across the organisation. This represented a planned deficit of £64.0m, after the delivery of £32.4m of necessary savings.

It was recognised by the Board 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 (HSCEY) Group in Welsh Government (WG) to advise them of this action.

In a letter dated 2 December 2024, the Director General for HSCEY wrote to the Health Board’s Chief Executive confirming additional in-year financial allocations and a revised Target Control Total (TCT).

This resulted in the Health Board’s planned deficit improving from £64.0m to £31.55m, with the TCT also becoming £31.55m from the previous expectation of £44.8m.

Delivery of the restated planned deficit of £31.55m would meet the revised expectation set by WG, resulting in the Health Board’s financial plan being acceptable on an in-year basis. It should be recognised a deficit plan continues to remain a ‘novel and contentious action’ by not delivering against the Board’s statutory duty to financially breakeven across a three-year period.

£2.6m is the new monthly planned deficit, which was the equivalent of £5.3m prior to funding being received.

## Asesiad / Assessment

### Unaudited Financial Position

- The Health Board is reporting an in-month financial position in Month 12 of an overspend of £3.4m, £0.8m deterioration against the restated planned deficit of £2.6m.
- The unaudited year-end financial position is a £24.1m deficit. Whilst the year-end accounts process is underway, with the draft set of accounts to be submitted to WG by 2 May 2025, this figure is subject to audit scrutiny and sign-off.
- The following table summarises the key drivers, with full analysis included within the Financial Performance Report in **Appendix 1**.

Driver (£'m)	Current month variance to breakeven	Unaudited End of Year Position
Restated Planned Deficit	2.6	31.5
Unidentified / (Identified) savings gap / (improvement)	(0.5)	(0.5)
Under / (Over) Delivery of Savings Schemes	0.1	1.4
Core Operational Variation	1.2	(8.3)
<b>Unaudited Reported Net Position</b>	<b>3.4</b>	<b>24.1</b>

### 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.

### Mitigating Recurrent Savings Shortfall

- There has been significant effort in the last quarter to fully identify the £32.4m savings target, with £32.9m being identified, of which £31.5m has been actually delivered on an in-year basis, leaving an under delivery against identified plans of £1.4m, and £0.9m adrift of the savings target set within the annual plan.
- Whilst savings delivery is an improving trend, of the £31.5m delivery projection, there is a recurrent savings shortfall of £14.3m, resulting in the underlying deficit significantly exceeding the 2024/25 outturn of £24.1m.
- The 2025/26 Annual Plan has now been submitted to WG with a recurrent savings delivery requirement of £19.0m plus a non-recurrent saving delivery of £25.4m. Initial feedback from WG is that the financial plan is not supportable without demonstrating an improving trajectory.
- A risk is likely on the savings conversion factor with further action required to convert the ideas (£12.0m of the £19.0m) at pace into robust plans alongside additional assessments of underspending services for conversion into recurrent savings, as well as further action to improve upon the TCT.

## Financial Underlying Deficit

- The Underlying deficit has been reviewed and assessed as part of the 2025/26 Annual Plan deliberations.
- As has been reported to the Board and Sustainable Resources Committee (SRC) throughout the financial year 2024/25, there is an ongoing significant challenge in reducing the Health Board's underlying deficit. Whilst progress in-year has been improving, a lot of actions have been non-recurrent in nature.
- £17.6m of savings delivery in 2024/25 is non-recurrent, largely linked to underspending directorates, and will therefore be an opening pressure in next year's financial plan if not addressed. Executive discussions are ongoing to identify how the £25.4m non recurrent savings identified in the 2025/26 Annual Plan will be delivered.
- The carried forward impact from 2024/25 into the underlying deficit starting point for the 2025/26 financial plan includes the 2024/25 outturn of £24.1m, adjusted for recurrent savings gap of £13.0m, underspending directorates that are not currently signalling an ongoing underspend of £7.3m and an additional £6.7m as a result of increases in 2024/25 macro and growth modelling over planned values. This means that the brought forward underlying Deficit into 2025/26 will be £51.1m, before the financial impact of 2025/26 is included. This does not support the organisations required trajectory to achieve financial breakeven as part of the conditional recurrent funding criteria by 2027/28.

## Level 3 Escalated Directorates

For the domain of Finance, Strategy and Planning, the following directorates have been escalated to Level 3 (no assurance) for five consecutive months or more. An urgent recovery plan is required from each directorate, and assurance cannot be taken that there is an imminent improvement trajectory in place. Assurances are required that the Operational transition to Clinical Care Group structure will not delay results to required actions:

- Carmarthenshire Integrated System
- Pembrokeshire Integrated System
- Mental Health and Learning Disabilities
- Facilities
- Medicines Management
- Pathology
- Planned Care
- Women's and Children
- Therapies and Health Sciences
- Director of Operations

A review of the internal escalation framework is being undertaken in readiness for the start of the new financial year, with proposals being drafted for Executive Team consideration for appropriate ways to ensure timely corrective action is taken for those directorates that are in distress for a prolonged period of time, recognising limited improvement has been experienced during 2024/25.

Notable movements: No movements made from Month 11.

Directorate Status by Month	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25
Bronglais Hospital	3	3	3	3	3	2	2	2	2	1	1	1
Cancer & Oncology	1	1	2	3	3	2	2	2	3	3	3	3
Carmarthenshire County	3	3	3	3	3	3	3	3	3	3	3	3
Ceredigion County	3	3	2	3	3	3	3	3	3	1	1	1
Corporate Services	1	1	1	1	1	1	1	1	1	1	1	1
Director of Finance	1	1	1	1	1	1	1	1	1	1	1	1
Director of Nursing	1	1	1	2	2	3	3	2	3	2	2	2
Director of Operations	1	1	1	2	2	3	3	3	3	3	3	3
Director of Public Health	1	1	1	1	1	1	1	1	1	1	1	1
Director of Strategy and Planning	1	1	1	2	2	3	1	1	2	2	1	1
Director of Therapies and Health Sciences	2	2	3	3	3	3	3	3	3	3	3	3
Director of Workforce & OD	1	1	1	1	1	1	1	1	1	1	1	1
Facilities	2	2	3	3	3	2	3	3	3	3	3	3
Glangwili Hospital	3	3	3	3	3	3	3	3	3	3	3	3
Medical Directorate	1	1	1	1	1	1	1	1	1	1	1	1
Medicines Management	1	1	3	3	3	3	3	3	3	3	3	3
Mental Health & Learning Disabilities	3	3	3	3	3	3	3	3	3	3	3	3
Pathology	2	2	3	3	3	3	3	3	3	3	3	3
Pembrokeshire County	3	3	3	3	3	3	3	3	3	3	3	3
Planned Care (incl. Audiology and Endoscopy)	3	3	2	3	3	3	3	3	3	3	3	3
Primary Care	2	2	2	2	2	2	3	1	1	1	1	1
Primary Care Management	1	1	2	2	2	2	3	1	1	1	1	1
Prince Philip Hospital	3	3	3	3	3	3	3	3	3	3	3	3
Radiology	3	3	3	3	3	2	2	2	3	3	3	3
Withybush Hospital	2	2	3	3	3	3	3	3	3	3	3	3
Women & Children	3	3	3	3	3	3	3	3	3	3	3	3

### 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.

### Financial Performance

- The Chief Operating Officer (£1.1m), Director of Therapies and Health Sciences (£0.2m) and Director of Nursing (£0.3m) portfolios are adversely performing against core budgets, offset by all other directorates under-spending against core budgets, when factoring in over/under delivery against expected savings scheme benefits.
- The projected under-delivery against identified savings plans of £1.4m is linked, in the main, to bed plans within Withybush General Hospital.

### Agency and Variable Pay Sustainability

- Managing medical rotas and variable pay has been a critical focus for the Health Board, with Bronglais Hospital (BGH) and Mental Health and Learning Disabilities (MHL) continued use of premium locum and agency to cover sickness, annual leave rota planning, and gaps within rosters.
- Medical rate card proposals are continuing to be discussed with the Local Medical Committees (LMC) and exit strategies for reliance on premium cover are required.
- A key enabling component of the plan is the Allocate adoption across the all patient facing medical staff. Whilst plans are progressing around variable pay, E-rostering, this is pending the Allocate implementation and business process adoptions to ensure sustainable staffing levels are achieved without the reliance on agency.

- Contained within ‘Ministerial Enablers: Annex 2’, specific requirements are set out for the Health Board to take further action to reduce the amount it spends on variable pay and agency, and has set out the following mandate:
  - 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.
- A Financial Control Sub-Group decision has been taken to allow a non-direct engagement medical agency worker (off-contract) to support a hard to fill position in a fragile service on a six-month basis. This will require a justification as part of the Ministerial Enablers: Annex 2, should costs be incurred during 2025/26.

### Current Status of Budget Delegation Accountability Letters for the 2025/26 Financial Plan

- Following the approval gained at the SRC meeting on 25 February 2025, budget delegation accountability letters for the 2025/26 financial plan have been issued from the Accountable Officer for the Health Board (Chief Executive) to Executive Directors and Clinical Care Group or Executive Function Leads, with a deadline for return of 31 March 2025.
- An escalation approach is planned in three stages, with the first being complete, for the signed responses that are outstanding:
  - Corporate Reporting to send a reminder once the deadline has passed, this reminder was sent on 1 April 2025
  - Executive Director of Finance to send a second reminder after the summary status has been shared through a Formal Executive Team meeting
  - Chief Executive to arrange a meeting as a final review of why a signed response has not been received, before papers are due for the Public Board meeting on 29 May 2025, in which an update will be given
- **Appendix 2** details the status of the Executive Director and the Clinical Care Group or Executive Function leads responses as of Monday 14 April 2025.
- In summary, the number of letters sent, and responses received is as per the following table:

Approval Status Update	Number of letters sent	Number of letters approved
Executive Director	9	5
Clinical Care Group / Executive Function Leads	21	10
<b>Total</b>	<b>30</b>	<b>15</b>

## Financial Outlook 2025/26

Included within Appendix 1 is an update surrounding the opportunities and savings that are being progressed as part of the 2025/26 Financial Plan.

### Assure (to note)

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

## Cash

The receipt of WG strategic cash of £24.0m together with working capital balances meant that the Health Board was able to pay all its creditors in March 2025.

## Capital

The Health Board has underspent against the Capital Resource Limit (CRL) by £85k and has therefore met its statutory duty.

## Grip And Control Measures

- An internal escalation framework has been agreed and implemented. Escalation meetings have been undertaken for all escalated directorates. These directorates have received a clear message over the need to deliver financial recovery plans for their core budgets, and to convert savings opportunities into deliverable plans.
- Whilst the process and monitoring of the internal escalation framework can be assured, the Board is advised in the Alert section of those directorates that do not delivery the outcomes required.
- Grip and control measures covering recruitment, training and procurement, overseen through the Financial Control Subgroup, chaired by the Director of Finance are providing scrutiny to current vacancies, with a sense of control starting to permeate across the organisation, resulting in improvements to the financial bottom line in recent months.
- Further controls implemented and now in place include:
  - The cessation of any planned Nurse and Healthcare agency for all service areas with the exception of Bronglais General Hospital, who will cease from March 2025;
  - Cessation of Admin and Clerical variable pay, including additional hours, overtime, and bank requests;
  - Exceptional requests will only be approved via an application to the Financial Control Subgroup.
  - Further work is ongoing with regards to Medical, as referenced in the Alert section.

## Argymhelliad / Recommendation

The Finance and Performance Committee is asked to:

- **NOTE** that, following Welsh Government funding received, the Health Board's unaudited year-end financial position is £24.1m, improving on the Target Control Total set by Welsh Government of £31.55m.
- **SCRUTINISE** the Executive Delegated Officer portfolios which have overspent against their delegated budgets.
- **ACKNOWLEDGE** that an underlying deficit assessment has been undertaken and the brought forward deficit into the 2025/26 financial year is £51.1m, significantly higher than the 2024/25 forecast outturn, due to the reliance in-year on non-recurrent actions and the lack of progress made in converting to recurrent improvements.
- **SEEK ASSURANCE** from those directorates with a Level 3 escalation for Finance, Strategy and Planning, that they have sufficient actions and milestones in place to de-escalate (full details provided within the IPAR report as well as directorates listed under the alert section for the finance domain).
- **SEEK ASSURANCE** that accountability letters for the delegation of budgets for the 2025/26 financial year will be signed by those areas that have not yet done so.

Amcanion: (rhaid cwblhau) Objectives: (must be completed)	
Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	<p>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:</p> <p style="padding-left: 40px;">3.1.5.1 The reporting of monthly, year to date and forecast financial position alongside operational drivers;</p> <p style="padding-left: 40px;">3.1.5.2 Performance against the savings requirement;</p> <p style="padding-left: 40px;">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:	<p>1843 (score 10) Risk of the Health Board not being able to meet the statutory requirement of breaking even in 2024/25 due to significant deficit position.</p> <p>2000 (score 12) Risk of the Health Board significantly underspending in excess of its statutory Capital Resource Limit for 2024/25.</p>
Parthau Ansawdd: Domains of Quality <a href="#">Quality and Engagement Act (sharepoint.com)</a>	7. All apply
Galluogwyr Ansawdd: Enablers of Quality:	6. All Apply

<a href="#">Quality and Engagement Act (sharepoint.com)</a>	
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:	BGH – Bronglais Hospital CHC – Continuing Healthcare EOY – End of Year FNC – Funded Nursing Care FYE – Full Year Effect GGH – Glangwili Hospital GMS – General Medical Services HSCEY – Health, Social Care and Early Years MHLD – Mental Health & Learning Disabilities NICE – National Institute for Health and Care Excellence OCP – Organisational Change Policy/Process OOH – Out of Hours PPH – Prince Philip Hospital PSPP – Public Sector Payment Policy RTT – Referral to Treatment Time T&O – Trauma & Orthopaedics TCT – Target Control Total WG – Welsh Government WGH – Worthybush Hospital WRP – Welsh Risk Pool WTE – Whole Time Equivalent YTD – Year to date
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Adnoddau Cynaliadwy: Parties / Committees consulted prior to Sustainable Resources Committee:	Finance Team Management Team Executive Team

<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.
<b>Cydraddoldeb: Equality:</b>	Not applicable.