

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

DYDDIAD Y CYFARFOD: DATE OF MEETING:	24 February 2026
TEITL YR ADRODDIAD: TITLE OF REPORT:	Financial Performance Assurance Report – Month 10 2025/26
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Executive Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Andrew Spratt, Deputy Director of Finance Jennifer Thomas, Head of Corporate Reporting

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Ar Gyfer Trafodaeth/For Discussion

ADRODDIAD SCAA

SBAR REPORT

Sefyllfa / Situation

The purpose of this report is to outline the Health Board's financial position to date against the Annual Financial Plan and assesses the key financial projections, risks and opportunities for the financial year, including the implications of in-year recurrent delivery for the forthcoming financial year.

Cefndir / Background

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

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

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

An In-Committee Board was held on the 9 September 2025 to review and conclude forward actions to improve the year end forecast. Following this meeting, the year-end forecast improved to £27.8m.

Asesiad / Assessment

Financial Position

- The in-month financial position is a deficit of £1.3m, which is an improvement against the £2.5m in-month deficit plan due to a core operational underspend of £(1.4)m.
- The savings target of £3.9m has been under identified by £0.2m; the £3.7m savings identified have been fully delivered in-month.
- The financial run rate is on track to achieve the forecast position of £22.1m with no mitigating actions included in the forecast.
- The following table summarises the key drivers, with full analysis included within **Appendix 1**.

Key Driver (£'m)	Current month variance to breakeven	Year to Date variance to breakeven	End of Year forecast to breakeven
Planned Deficit	2.5	25.0	30.0
Unidentified / (Identified) savings gap / (improvement)	0.2	(5.2)	(3.9)
Under / (Over) delivery of savings schemes	0.0	0.3	0.3
Core operational variation	(1.4)	(4.0)	(4.3)
Gross Forecast	1.3	16.1	22.1
Future Mitigating Actions	0.0	0.0	0.0
Reported Position	1.3	16.1	22.1

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.

Top Priority Alerts

Included within **Appendix 1** are the top priority alerts which need to be mitigated, the key themes being:

- **Shift Supply and Demand** – Demand-led pressures and absence pressures have led to an increasing number of shifts being requested but market supply has not fulfilled the demand. Medical and Nursing agency demand led increases in WGH, BGH and GGH and Pathology. Further increases are anticipated with surge beds having opened in January 2026 and approved recruitment plans in BGH Emergency Department. This is a risk to the start of the new financial year.
- **Medical Pay** – there is continued use of additional medical cover in the form of premium pay across several sites, in particular BGH, Planned Care and Mental Health. An urgent update is required for timelines on Medical Stabilisation Programme.
- **Nurse Agency usage** – a 11% increase has occurred between July and January, with no improvement yet made from the latest cohort of newly qualified nurses. Roster compliance remains varied.

- **Sickness absence** is a steady increasing trend, impacting on clinical variable and agency pay increases. This is being reviewed as part of the People, Organisation Development and Culture Committee.

Escalation Response

For a continued period, there have been several Clinical Care Groups in Level 3 escalation for Finance, as well as other domains. The Level 4 escalation level has yet to be used as it is pending finalisation with the Executive Team. This highlights a key risk where appropriate responses to the escalation framework have not materialised in a sufficient time period, and that continued escalation highlights ineffective actions.

Recurrent Savings Delivery and Impact on Underlying Deficit

- The underlying deficit as part of the financial planning cycle is £58.5m, which assumes £19.0m of recurrent savings delivery. As at Month 10, the full year recurrent savings gap has reduced to £0.6m, along with recurrent funding for Real Living Wage £(2.3)m and Bank £(0.4)m being confirmed in the WG allocation letter for 2026-27 funding, offset by offset by the recognition of the National Insurance shortfall in funding of £2.0m being a recurrent pressure following the recent pay matrix exercise, resulting in an underlying deficit of £58.4m.
- Whilst the in-year savings target has been delivered, the end of year key performance breakdown per Clinical Care Group (CCG) / Executive functions in **Appendix 1** shows the misbalance across service areas with Executive functions over delivering by £11.0m and CCG's under delivering by £7.1m.
- As planning discussions are underway for the 2026-29 planning cycle, it is recognised that the organisation must change the savings approach, the Health Board has already delivered **£28.8m** of non-recurrent savings to Month 10 primarily through underspend conversions. To ensure a clearer and more transparent financial approach for 2026/27, the Executive Team has agreed to the removal of non-recurrent savings from budgets, or the conversion of these into recurrent schemes where appropriate. Quantification of these values will be shared once all responses are received.

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.

Capital

- There is a risk around confirmation of WG funding and overspending against the Capital Resource Limit (CRL) at this stage of the financial year.
- Delivery against the capital programme remains at a medium risk. Due to the significant amount of expenditure forecast for the 2 remaining months of the year, there is a risk to overall delivery of the Capital Resource Limit, in addition to risk of underspends against All Wales funded schemes including, Carmarthen Hwb £0.2m, Aseptic Unit £0.15m and

Gamma Camera Upgrade £0.2m. Close monitoring of these risks will be necessary with reallocation of funds where required.

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- Reactive savings planning and underspend conversion – Further to the initial amber savings scheme created in Month 5 of £6.0m, £1.0m of green assumed savings remain as a balance covering Month 11 and Month 12. The underspend conversion rate in-month is £0.9m.

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

- Confirmation has been received by Welsh Government that the strategic cash request of £22.1m has been approved, refer to **Appendix 2**, confirmation letter received from the Director of Finance, Health, Social Care, and Early Years Group, and therefore eliminates the risk around insufficient cash to enable payment of creditors at the end of the year.

In-Year Savings Delivery Achievement

- Of the annual savings target of £46.4m, £50.3m has been identified on an in-year basis resulting in a £(3.9)m over-identification, however £50.0m are forecast to deliver, leaving a £(3.6)m savings delivery over-achievement.
- Run rate management of year-to-date savings of £1.0m are now in the savings forecast to deliver in future months.

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 recurrent financial recovery plans for the November 2025 series of update meetings.
- Grip and control measures covering recruitment, training and procurement, overseen through the Financial Control Sub-Group (FCSG), chaired by the Executive Director of Finance, are providing scrutiny to current vacancies, with a sense of control permeating across the organisation, resulting in improvements to the financial bottom line.
- Additional controls have been communicated with a Workforce led sub-group reviewing all pay affecting change requests, supported with the introduction of an automated solution for recording, tracking and approving requests into NWSSP Payroll, which FCSCG will oversee by exception.

- All Procurement approaches to market are approved by FCSG at the initial request and prior to awarding contracts.
- A new, recognised best practice, scheme of delegation within the Oracle requisition system has been implemented for the new Clinical Care Group structures, with aligned values across each of the seven approval levels. Further updates will be made in the coming months for the Executive Functions, and a hierarchical approval method will be introduced, which would require a requisition to be approved at each stage, adding visibility and appropriate oversight for all budget holders. This is due to be implemented on the 1 April 2026.

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.

Although there has been positive action evidenced towards achieving a 30% reduction in on-contract agency expenditure, Month 9 saw an increase in on-contract agency spend due to pressures within the sites. However, off-contract use is eliminated throughout the Health Board. There remains a national use of agency workers within Mental Health and Learning Disabilities for Healthcare Support Workers, in breach of the ministerial priority, with working continuing to remove the reliance.

Argymhelliad / Recommendation

The Finance and Performance Committee is asked to:

- **RECOGNISE** that the Health Board's forecast deficit has remained as £22.1m with no further mitigating actions required, assuming all expected actions deliver in full.
- **SCRUTINISE** the top priority alerts for urgent remedial action plans, especially given the risks these could cause to the start of the new financial year.
- **ACKNOWLEDGE** that the in-year savings delivery target has been over-achieved, supported significantly by non-recurrent actions.

- **ACKNOWLEDGE** that an underlying deficit assessment has been undertaken and that will only be reduced via robust recurrent savings delivery improvements, in particular those Executive portfolios that have yet to identify their full target.
- **NOTE** that the strategic cash request of £22.1m has been approved by Welsh Government and the in-year risk will be reduced to reflect this.

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: 3.1.5.1 The reporting of monthly, year to date and forecast financial position alongside operational drivers; 3.1.5.2 Performance against the savings requirement; 3.1.5.3 Performance against other financial metrics, such as cash management, capital management and Public Sector Payment Policy.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	2086 (score 15) Risk of the Health Board not being able to meet the statutory requirement of breaking even in 2025/26 due to significant deficit position.
Parthau Ansawdd: Domains of Quality Quality and Engagement Act (sharepoint.com)	7. All apply
Galluogwyr Ansawdd: Enablers of Quality: Quality and Engagement Act (sharepoint.com)	6. All Apply
Amcanion Strategol y BIP: UHB Strategic Objectives:	All Strategic Objectives are applicable
Amcanion Cynllunio Planning Objectives	All Planning Objectives Apply
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Objectives Annual Report 2021-2022	9. All HDdUHB Well-being Objectives apply

Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Monitoring returns to Welsh Government based on HDdUHB's financial reporting system.
Rhestr Termau: Glossary of Terms:	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 & 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 General 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

Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	Financial implications are inherent within the report.
Ansawdd / Gofal Claf: Quality / Patient Care:	The impact on patient care is assessed within the savings schemes.

Gweithlu: Workforce:	The report considers the financial implications of our workforce.
Risg: Risk:	Financial risks are detailed in the report.
Cyfreithiol: Legal:	HDdUHB has a legal duty to deliver a breakeven financial position over a rolling three-year basis and an administrative requirement to operate within its budget within any given financial year.
Enw Da: Reputational:	Adverse variance against HDdUHB's financial plan will affect its reputation with Welsh Government, Audit Wales, and with external stakeholders.
Gyfrinachedd: Privacy:	Not Applicable
Cydraddoldeb: Equality:	Not Applicable