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# Three-Year Financial Plan 2026/29 Finance and Performance Committee

24 February 2026



- 1 Background and context
- 2 Principle components and approach
- 3 Key principles and assumptions
- 4 Draft financial plan assessment
- 5 Financial components
- 6 De-prioritisations and risks



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# Background and context



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- The Health Board has a **revised annual plan deficit of £30.0m for 2025/26**, which is an improvement on the original annual plan deficit of £31.5m. Whilst this achieved the target control total set in 2024/25 of £31.5m, **Welsh Governments expectations are clear that a deficit of £22.1m is the revised target control total**;
- Given the scale of the challenge to bridge to a break-even position, the Health Board submitted an Annual Plan for 2025/26 and not an IMTP, but set within a three-year context;
- The Health Board is in Targeted Intervention for Finance, with a criteria to deliver breakeven by 2027/28. Significant change is required to meet this expectation, clearly set out by Welsh Government, and links to £26.0m conditionally recurrent funding;
- With challenges to deliver annual plans in the post pandemic era, 2024/25 and 2025/26 have reversed this trend with a reframed approach to internal escalation and accountability management;
- The Health Board is proposing to submit a Three-Year Financial Plan for 2026-29, but not an IMTP.

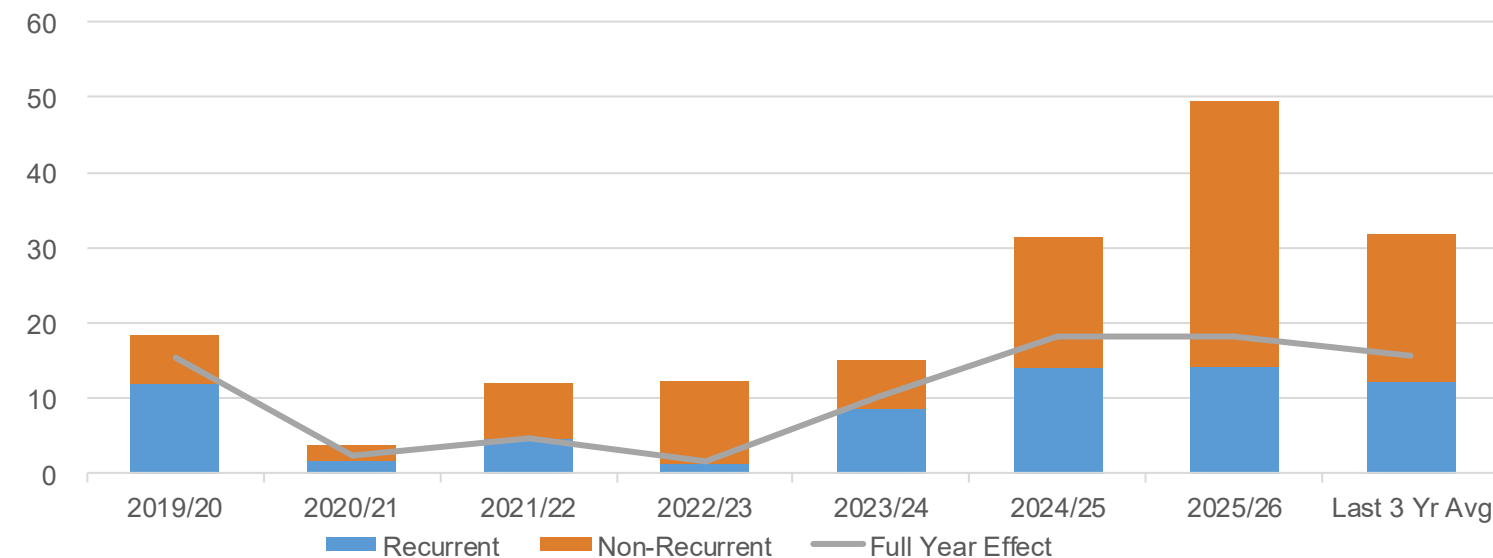
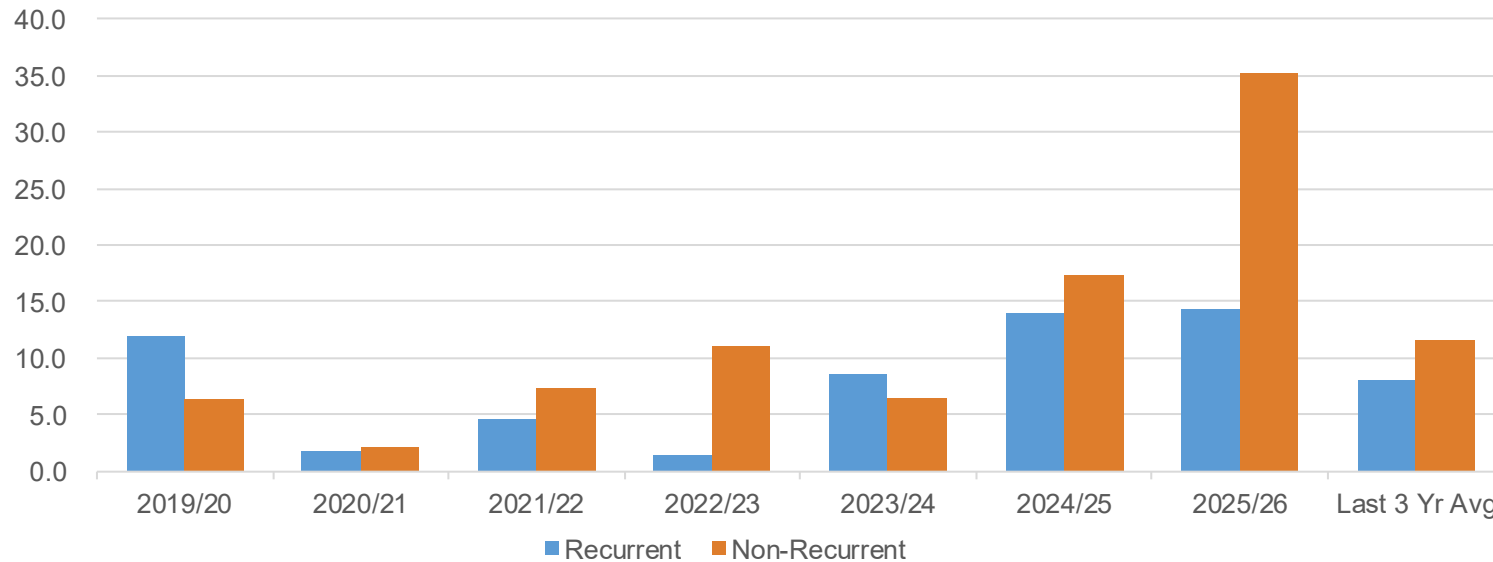
Financial Year	WG Expectation £'m	Annual Plan £'m	Year End Position £'m	Plan v Actual Variance £'m	Comment
2019/20	25.0	25.0	34.9	9.9	After £10.0m clawback due to not achieving £15.0m
2020/21	25.0	25.0	24.9	(0.1)	After £116.1m of non-recurrent funding for COVID
2021/22	25.0	25.0	25.0	-	After £75.5m of non-recurrent funding for COVID
2022/23	25.0	25.0	59.0	29.0	After £22.2m of non-recurrent funding for COVID
2023/24	44.8	56.1	65.8	9.7	Original plan £112.9m, revised mid-year with £56.8m extra funding. £43m cond.
2024/25	31.5	31.5	24.1	(7.4)	After mid-year funding of £32.5m to reduce original £64.0m plan. £26m cond.
2025/26	22.1	30.0	22.1	(7.8)	As at M10, and after the original plan was improved from £31.5m

# Savings Deliverability Assessment (£'m)



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- 2025/26 Savings are as at Month 10 reporting
- The three-year average is based on 2023/24 to 2025/26
- The 2024/25 was a step change to previous years deliverability of savings, in comparison to recent years
- Historically, and currently, there remains an **over-reliance on non-recurrent** savings, where no year has been able to achieve a full year effect of recurrent schemes to the same level of total savings
- An **ambitious two-year savings aspiration** was set in 2024/25, covering 2024/25 and 2025/26, to ensure the health board sets the expectation of achieving an improved financial trajectory into 2025/26 and beyond
- The **last two years have improved** with full year effect of recurrent schemes to c.£20m

# Key milestone deadlines



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Item	Deadline	Delivery Owner
Executive Team sign-off of financial approach and assumptions	15/10/2025	Formal Executive Team
F&PC sign-off of financial approach and assumptions	28/10/2025	Huw Thomas and Andrew Spratt
Macro-economic, growth modelling and cost driver assessment first draft	14/11/2025	Finance Team and Budget Holders
Welsh Government (WG) core funding uplift confirmed	19/12/2025	Welsh Government
First Draft – F&PC review of Financial Plan	16/12/2025	Huw Thomas and Executive Leads
DOF review of macro economic cost review / Opportunities / Savings framework	16/01/2025	Huw Thomas and Senior Finance team
EITS/Escalation meetings, focusing on Plans and Savings	Jan/Feb 2026	Lead Exec, Service Lead, Finance, Exec Reps.
Touch Point meeting with Welsh Governance Finance team	 03/02/2026	Hywel Jones, Claire Green, Huw Thomas
Second Draft – Executive Team review of Financial Plan before F&PC	04/02/2026	Huw Thomas and Executive Leads
Accountable Officer Letter to be submitted to WG	13/02/2026	Chief Executive – Accountable Officer
Second Draft – Finance Plan presented to F&PC for assurance review, including savings progress from service areas. If F&PC have endorsed, budgets will be entered onto the ledger by the Finance team	24/02/2026	Huw Thomas and Executive Leads
Internal accountability letters issued to delegated officers	02/03/2026	Phil Kloer and Finance Team. 31/03/26 deadline
Profiling or mix changes of budgets confirmed by delegated officers	13/02/2026	Delegated officers
Annual Plan presented to Board for approval	26/03/2026	Executive Team
Annual Plan and supporting templates submitted to WG	31/03/2026	Lee Davies



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# Planning Cycle Methodology and Owners



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## Key elements to deliver planning aspirations

## Ownership

### Business Case Development to Delivery

Financial payback or resource shift detail evidenced

1

- **Long list** – Risk register framework

Clinical Service  
Groups

2

- **Short list** – Overlay risk register with further known key priorities

Clinical Care  
Group Triumvirates

3

- **Collaborative list** – Overlay for further strategic, operational and or policy priorities

Planning Co-  
ordination Group

4

- **Draft prioritised proposal** – criteria approach to ensure alignment and sensibility assessments are undertaken

Planning Co-  
ordination Group

5

- **Executive Team review** – amendments through Executive lens made

Executive Team

6

- **Committees and Board updates**

Directors and  
Deputies

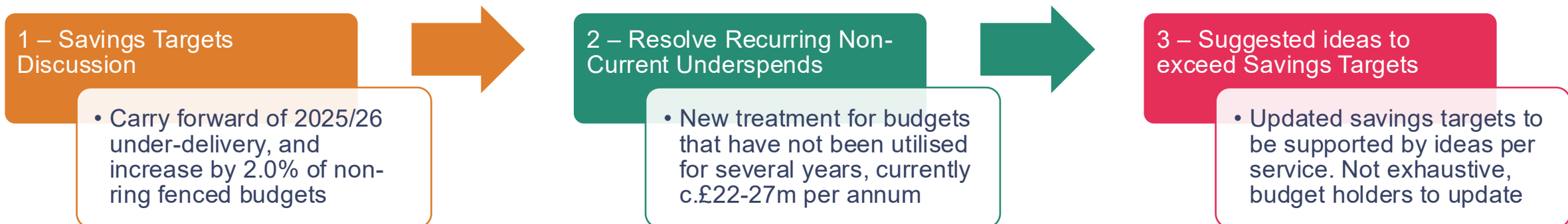
# Financial Plan 2026/27 Savings Approach



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- The initial WG allocation letter has confirmed macro economic funding of 1.11% with confirmation Pay Awards will be funded in full;
- A savings target will be required to cover, as a minimum, over and above the 1.11% funding, for macro-economic price increases and the erosion of the deficit to demonstrate a continued improvement trajectory, inline with the targeted intervention de-escalation criteria;
- Health prevalence growth resource requirements, and targeted national and local investments, are proposed to be afforded within the mid-year allocation uplift assumption, and a staggered approach to delivering these might therefore be required;
- The financial roadmap proposes savings delivery increasing throughout the year, with March 2027 (Month 12 2026/27) being a breakeven / balanced financial position to ensure 2027/28 can be breakeven.



# Principle Components and Approach



As a framework approach to identifying components that would require a financial appraisal with the planning cycle, the following key elements are defined, and an assessment will be undertaken to provide clarity for decision-making through the Planning Steering Group, Executive Team and Board. Timelines and organisation communication will be aligned to that coordinated by the Planning function.



Proposed priority order of approval of income or expenditure – all need Executive Team and Board ratification

Approval of opportunities and savings requirements to offset any impacts of Income or Expenditure changes

# Budget delegation approach



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- Further refinement of the approach that was reviewed with Swansea Bay as part of the finance regional working to better align the requirements described within the budget delegation approach from 2025/26
- Proposed to conclude in advance of the new financial year and a window for engagement and profile/mix changes
- Finance & Performance Committee (February) and Board (March) will seek to endorse and then approve delegation of budgets





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# Key principles



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- **Budgets will be delegated** from the Accountable Officer (CEO) to **Delegated Officers** (Executive Directors) and their immediate **Deputies** (Executive Function Leads and Clinical Care Group Directors);
- The **Workforce** plan to be **within existing budgets** only, or specifically included within investment decisions;
- Resourcing requirements for **25A and 25B wards** are to be conducted by **Corporate Nursing Team only**;
- **Only assured** (Green and Amber) **savings plans will be included** within the final planning submission;
- The **Opportunities Framework and Service insight** is to be used to generate sufficient savings opportunities to achieve the targets set for each Clinical Care Group/Executive Function;
- **Saving target** will be set as the value required to achieve the required target to achieve three-year break-even position by March 2028 (Year 2). Year 1 being 2026/27.
- **Clinical Care Group/Executive Function savings targets** will be the minimum of the Welsh Government expectation (likely to be 2%), **plus** any residual recurrent savings gap from the savings requirement set in 2025/26;
- **A decision will need to be made on material underspending functions**, and removal of budgets or conversion to recurrent savings scheme will be required.

# Key assumptions



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- The Health Board will be submitting a **Three-Year Financial Plan**, aspiring to a breakeven position by 2027/28;
- The Welsh Government allocation has confirmed funding for macro and inflationary cost pressures of 1.11%;
- Assessments included in this update are draft and will be updated following ongoing work locally and nationally;
- Specified **macro-economic price** components are **proposed for inclusion** within the financial plan, pending service, Executive and Finance & Performance Committee scrutiny. This includes prior year assumption updates (up and down);
- Identified **prevalence of demand pressures** from academic publications and their costs, from the most recent reference cost returns, of £12.4m will be included in each financial year. This will create a **maximum cap** for **demand driven** (volume and mix growth) **and discretionary investments** (national and local investments);
- Specified **volume and mix growth** components will **require a decision** to recognise, or expectation that services mitigate cost increases or realise savings opportunities;
- National and Local investments will **only include statutory, mandated or high-risk items** unless clear payback;
- **Key operational drivers** – with significant level of budgets allocated to services in the 2022/23 and 2023/24 financial plans, plus further funding in the 2025/26 planning cycle for evidenced step up in costs from 2024/25, no further funding is proposed, with **budget holders expected to mitigate increases** with underspends from other segments of their budget.

# Key focus areas for budget setting



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- **Pay cleansing** – to update cost centre and band discrepancies within existing budgets (actual vs budget misalignments), ensuring cleansing of under and over established areas to allow for more accurate mix budget changes to be made through the annual spine point rightsizing exercise;
- **Workforce mix across substantive and temporary** – a revised approach is required to better align workforce planning assessments with budgets, to ensure a comparison at budget level to actuals can be undertaken for the quantity of workforce required within Variable Pay and Premium Agency generated by Substantive Pay vacancies. This will allow actuals and budgets to be aligned to allow improved in-year comparison, insight and control;
- **Premium agency pay reserve funding** – following the Workforce mix review above, it is proposed to recurrently recognise the centrally held premium pay reserve within services to allow for proactive affordable resource planning actions to be made;
- **Underlying assessment of savings** – to obtain clarity on the existing realistic run rates, an informed review of underlying positions are required. Ensuring over-estimating of budget requirement is avoided, gross positions will be reviewed together with future funding modelling assessments and non-recurrent conversions opportunities;
- **Mid-year budget changes** – further review principles to reduce mid-year budget changes ensuring a plan that is set at the start of the year to the baseline for comparisons, excluding new funding allocations from WG;
- **Profiling of budgets** – ensuring budgets are appropriately phased to align with spend profile and seasonality.



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# Underlying deficit assessment



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As part of the underlying deficit assessment any modelling assumption deviations from the prior planning cycle are included, together with the recurrent impact of savings plans and non-recurrent underspends

Current Financial Performance (as at Month 10)	£'m
2025-26 Planned Deficit	30.0
Savings gap / (improvement)	(3.9)
Under / (Over) delivery of savings schemes	0.3
Core operational variation	(4.3)
<b>2025/26 forecast end of year deficit</b>	<b>22.1</b>

2025/26 Underlying Deficit Impact	£'m
2025/26 forecast end of year deficit	22.1
Add non-recurring savings	27.8
Add non-recurring Accountancy gains	7.0
Add net non-recurring unplanned pressures / (gains)	1.6
<b>2025/26 Planned Underlying deficit</b>	<b>58.5</b>
2025/26 carried forward recurrent savings gap	0.6
<b>Underlying deficit at 31 March 2026 (MMR M9)</b>	<b>59.1</b>
Add recurrent cost pressures	2.0
Less recurrent funding	(2.7)
<b>Underlying deficit c/f into 31 March 2026</b>	<b>58.4</b>

# Three-year financial plan summary



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The **draft** 2026/29 financial plan is below, including the additional impact for Welsh Risk Pool. WRP excluded on last row:

Ref	2026/27 Financial Plan Assessment (£'m)		Year 1 2026/27			Year 2 2027/28			Year 3 2028/29		
			Rec	Non-Rec	Total	Rec	Non-Rec	Total	Rec	Non-Rec	Total
	<b>Underlying deficit carried forward</b>		58.4	-	<b>58.4</b>	69.4	-	<b>69.4</b>	59.6	-	<b>59.6</b>
1	Macro-economic inflation price modelling		10.7	-	<b>10.7</b>	9.0	-	<b>9.0</b>	9.1	-	<b>9.1</b>
2	Contractual or unavoidable (incl. WRP)		19.7	-	<b>19.7</b>	6.5	-	<b>6.5</b>	7.0	-	<b>7.0</b>
3	Prevalence, Quality and Outcomes	Volume & mix growth modelling	3.0	-	<b>3.0</b>	2.4	-	<b>2.4</b>	2.4	-	<b>2.4</b>
4		National pre-commitments	0.3	0.2	<b>0.5</b>	0.0	1.1	<b>1.1</b>	0.0	1.1	<b>1.1</b>
5		Planning cycle priorities	5.8	-	<b>5.8</b>	8.6	-	<b>8.6</b>	3.3	-	<b>3.3</b>
6		Local pre-commitments	1.1	-	<b>1.1</b>	1.8	-	<b>1.8</b>	-	-	<b>0.0</b>
7		Assessment cap of £12.4m	2.2	(0.2)	<b>2.0</b>	(0.4)	(1.1)	<b>(1.5)</b>	6.7	(1.1)	<b>5.6</b>
8	WG allocation funding / anticipated funding		(12.8)	-	<b>(12.8)</b>	(18.7)	-	<b>(18.7)</b>	(18.0)	-	<b>(18.0)</b>
9	Remove non-recurrent underspends		-	(28.5)	<b>(28.5)</b>	-	(28.5)	<b>(28.5)</b>	-	(28.5)	<b>(28.5)</b>
	Additional 2% savings requirement		(19.0)	-	<b>(19.0)</b>	(19.0)	-	<b>(19.0)</b>	(19.0)	-	<b>(19.0)</b>
<b>Financial Deficit including the WRP impact</b>			<b>69.4</b>	<b>(28.5)</b>	<b>40.9</b>	<b>59.6</b>	<b>(28.5)</b>	<b>31.1</b>	<b>51.1</b>	<b>(28.5)</b>	<b>22.6</b>
<b>Financial Deficit excluding the WRP impact</b>			<b>56.3</b>	<b>(28.5)</b>	<b>27.8</b>	<b>44.6</b>	<b>(28.5)</b>	<b>16.1</b>	<b>34.1</b>	<b>(28.5)</b>	<b>5.6</b>

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# 1. Macro-Economic Inflationary Price Modelling



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Investment Description (£'m)	Year 1 2026/27	Year 2 2027/28	Year 3 2028/29	Additional Comments
Secondary Care Drugs	1.1	1.1	1.1	Community and Integrated Medicine increase in price per issue of £1.97, 5.45% increase
Primary Care Prescribing	1.4	1.4	1.4	CAT M 2.2% (0.04p) increase on August Price, Baseline (0.34p) 1.6% increase on August Price
Continuing Health Care (CHC)	3.5	2.8	2.9	Based 5.5% and 2.6% FNC increase in price, 27/28 4.2% (with 2% national) and 2% FNC, 28/29 4.2% (with 2% national) and 2% FNC.
General Non-Pay Inflation (CPI)	2.5	2.0	2.0	Based on a 2.6% average CPI Inflation for 2026/27
Energy and Fuel	0.5	0.3	0.3	Price and Electricity increase above CPI as per NWSSP correspondence
Specific Consumables Price	-	-	-	No specific deviation from general inflation recognised above in CPI
Specific Contract Price	0.5	0.2	0.2	Mainly Digital and Waste Contract increases above CPI inflation
Medical and Agenda for Change Pay Award vacancy uplift	1.2	1.2	1.2	WG only fund staff in post, not vacancies. Vacancy element of 2025/26 pay award is an impact to the financial plan.
<b>Total</b>	<b>10.7</b>	<b>9.0</b>	<b>9.1</b>	

## 2. Contractual or Unavoidable



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Investment Description (£'m)	Year 1 2026/27	Year 2 2027/28	Year 3 2028/29	Additional Comments
JCC Price	1.6	1.6	1.6	1.1% inflation increase as per WG inflation funding expectation, awaiting formal notification from JCC
JCC Investments	1.6	-	-	JCC investments under discussion, latest expectation is an increase of 1.1% for year 1, no year 2 and 3 investments update given
LTA / SLA uplift - Healthcare Services provided by Wales NHS	0.4	0.6	0.6	1.1% inflation increase as per WG inflation funding expectation
LTA / SLA NHS Wales Investments	0.2	-	-	Increase in Radio pharmacy Swansea Bay SLA
Uplift – Healthcare services provided by non Welsh NHS	0.0	0.0	0.0	Increase in English NHS and private providers
Uplift - DHCW	0.4	0.7	1.1	Based on schedule received from DHCW
Uplift - NWSSP	0.8	0.1	0.1	ESR, Oracle and Allocate e-rostering uplift in contract price
NICE High-Cost Horizon Drugs	1.6	1.6	1.6	Haematology, cancer and acute adoption of drugs
Welsh Risk Pool	13.1	1.9	2.0	NWSSP estimate of £16.3m offset by £3.2m recurrent budget available for WRP, awaiting final schedule from NWSSP
<b>Total</b>	<b>19.7</b>	<b>6.5</b>	<b>7.0</b>	

# 3. Volume and Mix Growth Modelling



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Investment Description (£'m)	Year 1 2026/27	Year 2 2027/28	Year 3 2028/29	Additional Comments
Secondary Care Drugs	1.4	1.4	1.4	Mainly Cancer and Scheduled Care service area, with growth in issues of 5.33%, equating to an additional 3,422 issues
Primary Care Prescribing	-	-	-	No volume growth expected above 2025/26 growth levels
Continuing Health Care (CHC)	-	-	-	No growth expected
Energy and Fuel	-	-	-	No growth in volume consumption anticipated
Medical and Agenda for Change spine point changes	1.6	1.0	1.0	WG do not fund spine point changes / incremental drift as part of pay award – modelled based on Payroll demographic as at November 2026
<b>Total</b>	<b>3.0</b>	<b>2.4</b>	<b>2.4</b>	

## 4. National Pre-Commitments



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Investment Description (£'m)	Recur / Non-Recur	FYE	Year 1 2026/27	Year 2 2027/28	Year 3 2028/29	Additional Comments
Pathology Laboratory Information Management System (LIMS)	Non-Recur	0.2	0.2	-	-	Based on latest LIMS development plan schedule from DHCW dated May 2025
Pathology Laboratory Information Management System (LIMS)	Recur	0.2	0.2	-	-	Based on latest LIMS development plan schedule from DHCW dated May 2025
Radiology Informatics System Procurement (RISP)	Recur	0.1	0.1	-	-	Based on latest schedule from DHCW
Future Workforce Solution update	Non-Recur	1.1	0.0	1.1	1.1	ESR Replacement system Implementation – system implementation costs
<b>Total</b>		<b>1.6</b>	<b>0.5</b>	<b>1.1</b>	<b>1.1</b>	

# 5a. Planning Cycle Priorities – Prioritised



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Investment Description (£'m)	Recur / Non-Recur	FYE	Year 1 2026/27	Year 2 2027/28	Year 3 2028/29	Additional Comments
Emergency & Urgent Care (EUCC)	Recur	0.6	0.6	-	-	EUCC provision at BGH. Agreed at Formal Executive Team 12.11.25
UEC Streaming Hub	Recur	1.5	1.1	0.4	-	Presented at Public Board 29.01.26, part year impact
UEC WGH SDEC	Recur	2.4	1.2	1.2	-	Presented at Public Board 29.01.26, due to start October 2026
UEC BGH SDEC	Recur	1.1	-	1.1	-	Presented at Public Board 29.01.26
UEC GGH SDEC	Recur	2.8	-	-	2.8	Presented at Public Board 29.01.26
Radiology Ultrasound & Everlight	Recur	4.4	1.7	2.7		Risk (797) to the ability to deliver ultrasound services across sites, recommendations from SBAR Apr 25
<b>Sub-Total</b>		<b>12.8</b>	<b>4.6</b>	<b>5.4</b>	<b>2.8</b>	

# 5b. Planning Cycle Priorities – Partially Deferred



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Investment Description (£'m)	Recur / Non-Recur	FYE	Year 1 2026/27	Year 2 2027/28	Year 3 2028/29	Additional Comments
Theatres (GGH & WGH) Nurse Staffing Levels (NSL)	Recur	2.4	1.2	1.2	-	Impact of NSL review on Theatres GGH & BGH, deferred by 6 months to start in October 2026
Dermatology Services	Recur	0.8	-	0.8	-	No substantive consultant or clinical lead; 22% skin cancer increase from prior year; reliant on insourcing and outsourcing, service needs to stabilise. Deferred by 1 year
Hearing care: Audiology services	Recur	1.0	-	0.3	0.3	Business Case with CCG; WG audit recommendation. Deferred by 1 year
Dietetics Paediatric Service	Recur	0.5	-	0.2	0.2	Risk (1603) of delayed response and breach of waiting time targets due to increased referrals for children eating disorders over and above funded baseline. Deferred by 1 year
Dietetics Adult Service	Recur	0.5	-	0.5	-	Risk (2169) of reduced quality, effectiveness of services for those with complex obesity with associated delay in subsequent treatment pathways. Deferred by 1 year
Podiatry Consumables	Recur	0.2	-	0.2	-	Risk (2041) of harm to service users of Podiatry & Surgical Appliances due to inability to see new patients in a timely way. Deferred by 1 year
<b>Sub-Total</b>		<b>5.4</b>	<b>1.2</b>	<b>3.2</b>	<b>0.5</b>	
<b>Total</b>		<b>18.2</b>	<b>5.8</b>	<b>8.6</b>	<b>3.3</b>	

# 6. Local Pre-Commitments



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Investment Description (£'m)	Recur / Non-Recur	FYE	Year 1 2026/27	Year 2 2027/28	Year 3 2028/29	Additional Comments
Linear Accelerating Machines (Swansea Bay)	Recur	1.0	0.3	0.7	-	Assumes 50/50 of 5th Linac business case with SBU, business case approved in principle, 6 <sup>th</sup> /7 <sup>th</sup> plans in progress.
Reduction in revenue costs – Glien House, St Annes, St Davids Park	Recur	(0.4)	(0.4)	(0.0)	-	Reduction in revenue costs due to closures of existing premises as services move to Carms HWB & Picton Terrace, £49k in 27/28.
Carmarthen HWB gross running costs	Recur	0.8	0.4	0.4	-	£417k additional in FY27-28 to support new site
Picton Terrace gross running costs	Recur	0.1	0.1	-	-	Additional full-year effect funding over and above £253k previously funded in FY25-26
Pentre Awel gross running costs	Recur	0.3	-	0.3	-	£279k additional in FY28 to support new site, £0.3m funded in FY26
Carms HWB / Picton Terrace parking	Recur	0.2	0.2	-	-	Additional parking costs with the relocation of Corporate offices
Hydrotherapy pool at Pentre Awel	Recur	0.0	0.0	-	-	Running costs of Hydrotherapy pool at Pentre Awel £40k
BGH & GGH Fire Wardens	Recur	0.4	0.3	0.1	-	Investment approval panel June 2025
RAAC WGH & BGH	Recur	0.1	0.1	-	-	Additional Estates and Facilities resource costs directly linked to managing the RAAC risk via ongoing inspections, c£70k pa
Security Officers	Recur	0.1	0.1	-	-	4x Band 4 posts to align to regulations, Exec Team approved. £39k year 2.
Respiratory Panel	Recur	0.3	-	0.3	-	WG withdrawal of support for the Respiratory Panel
<b>Total</b>		<b>2.9</b>	<b>1.1</b>	<b>1.8</b>	<b>-</b>	

# 7. Prevalence



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This is full cost estimates based on 2023/24 Programme Budgeting Costs//Patient Level costs, source of activity increase Aberystwyth University review of prevalence.

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

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

# 7. Prevalence – Further Considerations



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

## 8. Welsh Government Allocation Headlines (1 of 2)



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**Welsh Government Allocation letter for 2026-27 was received in December with key headlines aligned to savings delivery and to manage expectations for investments:**

1. All health bodies will **need to make significant savings** and cost mitigations in order to deliver and implement financially sustainable plans
2. New additional funding is to support **inescapable demand and unavoidable inflation**. It is to be utilised for this purpose only and **not to support any discretionary investment**
3. Disinvestment and choices - As part of savings development, organisations should rigorously examine the benefits of prior year investments and projects; and consider **dis-investing from projects that have under-delivered on benefits**
4. Non-recurring savings and the Underlying Deficit – Underlying deficits have been growing, in part driven by recurring cost pressures addressed in-year by non-recurring savings or mitigations. Organisations should ensure that **savings and mitigations delivered in 2025/26 are maintained in full on a recurrent basis** and should seek to convert non-recurring savings into recurring benefits
5. Plans provide clarity and visibility to how substantial savings will be **realised in non-core areas and overheads** to prioritise front-line services

## 8. Welsh Government Allocation Headlines (2 of 2)



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### ***Key Funding Changes affecting 2026-27 budgets:***

1. Welsh Government funding of **cost and inflationary growth is 1.11%**
2. GMS funding for inflationary increases confirmed at 5.8%
3. New funding total of £23.0m
4. **£43.0m of Conditionally Recurrent funding received in 2023-24 made recurrent**, and a number of funding streams received in 2025-26 on a non recurrent basis made recurrent in 2026-27, total £88.3m
5. **Re-classification from Ringfence to Non Ringfence of £24.4m**, including Planned care sustainability and recovery funding,

## 8a. FY26-27 Allocation Funding rollover



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Breakdown below of the movement in Allocation Funding from FY25-26 to FY26-27

Funding (£'m)	Recurrent	Non- Recurrent	Total	Additional Comments
25/26 Allocation Funding brought forward	1,186.4	134.6	<b>1,321.0</b>	
Add: New funding confirmed in FY26-27	21.5	-	<b>21.5</b>	Confirmed via allocation letter
Less: Funding not anticipated to continue	0.0	(16.8)	<b>(16.8)</b>	
Recurrent re-classification of funding	85.4	(85.4)	<b>0.0</b>	
<b>26/27 Allocation Funding</b>	<b>1,293.3</b>	<b>32.4</b>	<b>1,325.7</b>	

## 8b. Funding uplift assumptions



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Core and Ringfenced allocation – New allocations (£'m)	Recur / Non-Recur	FYE Impact	Year 1 2026/27	Year 2 2027/28	Year 3 2028/29	Additional Comments
Core Cost and Demand Uplift 2026/27	Recur	11.7	11.7	16.1	15.5	1.11% inflation funding 2026-27
Mental Health Services Core Cost and Demand	Recur	1.1	1.1	2.6	2.5	1.11% inflation funding 2026-27
<b>Additional allocation Sub-Total</b>		<b>12.8</b>	<b>12.8</b>	<b>18.7</b>	<b>18.0</b>	
GMS 2026/27 agreement	Recur		4.0	-	-	5.8% inflation funding 2026-27
In-year pay mapping (JCC)	Recur		3.0	-	-	Pass through costs JCC LTA
Employers NIC Funding 2025/26 (JCC)	Recur		1.3	-	-	Pass through costs JCC LTA
Genomics for Precision Medicine Strategy	Recur		0.4	-	-	Pass through costs JCC LTA
VBHC Recurrent Schemes (HB & JCC)	Recur		0.1	-	-	Pass through costs JCC LTA
Top slice for central procurement of flu vaccines	Recur		(0.1)	-	-	Pass through costs NWSSP LTA
<b>Pass through allocation Sub-total</b>		<b>0.0</b>	<b>8.7</b>	<b>0.0</b>	<b>0.0</b>	
<b>Grand Total</b>		<b>12.8</b>	<b>21.5</b>	<b>18.7</b>	<b>18.0</b>	

### Key Information

- WG will fund macro-economic inflationary and growth rises at 1.11%, and GMS funding has been agreed as an increase of 5.8% in 2026/27
- Assumed that WG will fund pay awards in full (excluding vacancies), and therefore no cost pressure for years 2026-29, not included above
- £43.0m conditionally recurrent has been confirmed as recurrent funding and included within the base allocation
- Years 2 and 3 calculated on inflation rate of 1.6% and 1.5% respectively. This is based on 0.5% reduction in inflation in real terms from 2.6% average CPI rate (Bank of England Monetary Policy Committee) in 26/27 to 2.1% average in 27/28 and 2.0% average for 28/29..

## 8c. Recurrent re-classification of funding



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Allocations received from Welsh Government in-year non-recurrently, recognised recurrently in 2026/27.

Funding (£'m)	Recurrent	Non-Recurrent	Total	Additional Comments
Conditionally Recurrent funding 2023/24	43.0	(43.0)	0.0	
2025/26 Pay Award Mapping	22.3	(22.3)	0.0	
2025/26 National Insurance Mapping	10.2	(10.2)	0.0	
Urgent & Emergency Care	2.7	(2.7)	0.0	
Real Living Wage Social Care	2.3	(2.3)	0.0	
Dementia Action Plan	1.7	(1.7)	0.0	
Medical Training Posts	1.4	(1.4)	0.0	
Shingles Vaccinations	0.9	(0.9)	0.0	
111 Press 2	0.3	(0.3)	0.0	
Tier 4 CAMHS	0.2	(0.2)	0.0	
DOLS	0.2	(0.2)	0.0	
RSV Vaccinations	0.1	(0.1)	0.0	
Save a Life Cymru	0.1	(0.1)	0.0	
<b>Total</b>	<b>85.4</b>	<b>(85.4)</b>	<b>0.0</b>	

## 8c. Ringfence re-classification of funding



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Allocations received from Welsh Government previously as Ringfence re-classified as Discretionary in 2026/27.

Funding (£'m)	Discretionary	Ringfence	Total	Additional Comments
Planned and Unscheduled Care Sustainability	15.3	(15.3)	0.0	
Planned Care Recovery	4.9	(4.9)	0.0	
Critical care funding (incl. JCC funding & PACU)	2.1	(2.1)	0.0	
Critical care funding (JCC funding for EASC)	0.3	(0.3)	0.0	
Value based Recovery	1.8	(1.8)	0.0	
<b>Total</b>	<b>24.4</b>	<b>(24.4)</b>	<b>0.0</b>	

## 8d. Assumed Pending Allocations



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Allocations received annually from Welsh Government on a non-recurrent basis, assumed to continue into FY26/27:

Assumed Pending Allocations (£'m)	Recurrent	Non-Recurrent	Total	Additional Comments
Substance Misuse	-	2.5	<b>2.5</b>	
GP IM&T Refresh Programme	-	1.5	<b>1.5</b>	
Neurodivergence	-	1.0	<b>1.0</b>	
Prevention and Early Years	-	0.7	<b>0.7</b>	
Bro Myrddin	-	0.6	<b>0.6</b>	
RIF Short Break for Carers	-	0.2	<b>0.2</b>	
Clinical Impact Awards	-	0.1	<b>0.1</b>	
Invest to Save Facilities schemes	-	(0.1)	<b>(0.1)</b>	
<b>Total</b>	<b>0.0</b>	<b>6.5</b>	<b>6.5</b>	

# 9a. Financial Plan 2026/27 Savings Scenario



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- Savings aspirations are set based on the carried forward recurrent residual delivery from 2025/26, plus an additional 2.0% of non-ring fenced budgets.
- Note:** carried forward values are based on Month 10 (January) and, together with when final budgets are confirmed, the final saving values will be updated.

Executive Director   Clinical Care Group (£'m)		Carried Forward Under / (Over) Delivery	Additional 2.0% Non-Ring Fenced	Total Savings Target for 2026/27
Chief Executive Officer		-	0.1	0.1
Chief Operating Officer	Chief Operating Officer Management	0.8	0.3	1.1
	Community and Integrated Medicine	7.5	4.9	12.4
	Mental Health and Learning Disabilities	4.5	2.0	6.5
	Operational Allied Health	3.3	1.6	4.9
	Planned and Specialist Care	4.2	4.2	8.4
	Primary Care and Community Strategy	4.0	2.1	6.1
Executive Allied Health and Estates & Facilities		1.7	1.0	2.7
Finance and Digital		(0.1)	0.4	0.3
Nursing, Quality & Patient Experience		-	0.2	0.2
Public Health		-	0.1	0.1
Strategy & Planning and LTAs		1.4	1.2	2.6
Workforce & Organisation Development		-	0.3	0.3
Medical Director		-	0.1	0.1
Central Income – Health Board Wide		1.1	0.4	1.5
<b>Total</b>		<b>28.5</b>	<b>19.0</b>	<b>47.5</b>

## 9b. Non-recurrent conversion for budget setting



Non-recurrent support to the position cause an underlying impact, which could be negated within budget setting

Clinical Care Group as at Month 8 2025/26 (£'m)	EOY Forecast Underspend	Monthly Underspend Savings	Non-Recurrent Saving	Total Non-Recurrent Benefit	75%	66%	50%
Chief Operating Officer Management	0.5	0.7	0.0	1.2	0.9	0.8	0.6
Community and Integrated Medicine	0.0	0.9	2.8	3.7	2.8	2.4	1.9
Mental Health and Learning Disabilities	0.0	0.8	3.1	3.9	2.9	2.6	2.0
Operational Allied Health and Health Sciences	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Planned and Specialist Care	0.0	1.0	3.4	4.4	3.3	2.9	2.2
Primary Care, Community Strategy and Long Term Care	3.0	2.4	0.0	5.4	4.1	3.6	2.7
Executive Functions (see breakdown detail in next slide)	2.5	5.6	7.1	15.2	11.6	10.0	7.8
<b>Total</b>	<b>6.0</b>	<b>11.4</b>	<b>16.4</b>	<b>33.8</b>	<b>25.6</b>	<b>22.3</b>	<b>17.2</b>

Totals £27.8m, which is the 2025/26 non-recurrent savings delivery after excluding the £6.1m accountancy gain

# 9c. Non-recurrent conversion for budget setting



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Non-recurrent support to the position cause an underlying impact, which could be negated within budget setting

Executive Functions as at Month 8 2025/26 (£'m)	EOY Forecast Underspend	Monthly Underspend Savings	Non-Recurrent Saving	Total Non-Recurrent Benefit	75%	66%	50%
Chief Executive	0.1	0.1	0.2	<b>0.4</b>	0.3	0.3	0.2
Digital	0.2	0.6	0.1	<b>0.9</b>	0.7	0.6	0.5
Finance	0.1	0.4	0.0	<b>0.5</b>	0.4	0.3	0.3
Health Board Wide	0.2	2.0	2.0	<b>4.2</b>	3.2	2.8	2.1
LTA's with Other NHS Providers	0.0	0.0	0.5	<b>0.5</b>	0.4	0.3	0.3
Medical	0.2	0.0	0.0	<b>0.2</b>	0.2	0.1	0.1
Nursing	0.0	0.2	0.2	<b>0.4</b>	0.3	0.3	0.2
Public Health	1.5	0.3	0.6	<b>2.4</b>	1.8	1.6	1.2
Strategy and Planning	0.2	0.2	0.5	<b>0.9</b>	0.7	0.6	0.5
Workforce	0.0	1.8	1.0	<b>2.8</b>	2.1	1.8	1.4
Health Board Wide – Amber scheme	0.0	0.0	2.0	<b>2.0</b>	1.5	1.3	1.0
<b>Total</b>	<b>2.5</b>	<b>5.6</b>	<b>7.1</b>	<b>15.2</b>	<b>11.6</b>	<b>10.0</b>	<b>7.8</b>

# 9d. Savings Progress



The following table sets out the progress made to date for the savings identification and commitment across all functions. The non-recurrent conversions of underspend savings are excluded from these numbers:

Whilst there is c.50% of the identified savings requirement (£19.0m recurrent), assuming all non-recurrent savings are converted as part of budget setting, 95% of those identified are not yet supported with robust assured plans, given they are in Blue and Red status.

The full year effect increases to £12.1m from £9.4m, which demonstrates good progress if they can be progressed to Green and Amber plans and fully delivered as currently identified.

Delegated Officer (£'000)	Recurrent 2026/27 Saving Plans Identified					
	Blue	Red	Amber	Green	Total In Year	Total Full Year Effect
<b>Chief Operating Officer</b>	2,130	4,188	0	0	6,318	8,783
Chief Operating Officer Management	0	0	0	0	0	0
Community and Integrated Medicine	368	0	0	0	368	491
Mental Health and Learning Disabilities	0	101	0	0	101	100
Operational Allied Health and Health Sciences	160	568	0	0	728	1,334
Planned and Specialist Care	1,602	3,520	0	0	5,121	6,857
Primary Care	0	0	0	0	0	0
<b>Executive Director of Allied Health Professions &amp; Health Sciences</b>	0	0	0	0	0	0
Estates and Facilities	0	0	0	0	0	0
Executive Allied Health Professions and Health Sciences	0	0	0	0	0	0
<b>Executive Director of Finance</b>	0	426	0	0	426	694
Digital	0	307	0	0	307	575
Finance	0	119	0	0	119	119
<b>Executive Director of Nursing, Quality and Patient Experience</b>	0	0	0	0	0	0
<b>Executive Director of Public Health</b>	0	132	0	0	132	132
<b>Executive Director of Strategy and Planning</b>	0	0	0	0	0	0
LTA's with other NHS Providers	0	0	0	0	0	0
Strategy and Planning	0	0	0	0	0	0
<b>Executive Director of Workforce and Organisational Development</b>	0	0	0	0	0	0
<b>Executive Medical Director</b>	2,380	0	90	0	2,470	2,470
Medical	0	0	90	0	90	90
Pharmacy and Medicines Management	2,380	0	0	0	2,380	2,380
<b>Health Board Wide</b>	0	0	0	0	0	0
<b>Grand Total</b>	4,562	4,771	90	0	9,423	12,104

- 1 Background and context
- 2 Principle components and approach
- 3 Key principles and assumptions
- 4 Draft financial plan assessment
- 5 Financial components
- 6 **De-prioritisations and risks**

# De-prioritisation decisions taken to remove



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Further to Executive Team prioritisation of choices, the following are de-prioritised and are not included in the financial assessment:

Investment Description (£'m)	FYE	Year 1 2026/27	Year 2 2027/28	Year 3 2028/29	Additional Comments
Clinical Service Plan	-	-	TBC	TBC	This is not de-prioritised but Phase 1 is cost neutral. Further understanding required for phase 2 onwards.
CAD System Manager – National Bereavement framework	0.6	0.6	-	-	New CAD Manager commences in December to implement new National Bereavement framework model
Listening to People implementation	TBC	TBC	-	-	Implementation of new regulations – Listening to People which replaces Putting Things Right
Community Health Workers	TBC	TBC			Director of Public Health strategy to develop the service
Community Health Pathways	0.2	0.2			Digitally enabled solution supporting GPs, WG funding reducing
Implementation of Ortho-Geriatrics at GGH	TBC	TBC			No paper presented to Executive Team but acknowledged as a planning priority (9 Feb Contingent Finance Touchpoint)
Climate Adaption plan	TBC	TBC			No clear indication of costs as yet
WGH Medical Staffing	TBC	TBC			WGH SBAR Medicine Medical Staffing agreed September 25 (included in cost drivers 26/27)
28 Day cancer diagnosis	5.1	2.5	2.6	-	Lower GI CT colons 54 days; Urology, Lower GI, Gynae highest volumes
Radiology Ultrasound & Everlight	0.6	0.6			Non –Recurrent element of the Radiology investment request
Additional Breast Consultant	0.2	0.2	-	-	Retiree budget to be used to cover the additional cost
<b>Sub-Total</b>	<b>6.7</b>	<b>4.1</b>	<b>2.6</b>	<b>-</b>	

# Choices pending Executive decision



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The table below summarises local commitments pending further prioritisation with Executive Team – these have not been included in the ‘Three-year financial plan summary’ but could support the remaining prevalence modelling.

Investment Description (£'m)	Recur / Non-Recur	FYE	Year 1 2026/27	Year 2 2027/28	Year 3 2028/29	Additional Comments
Swansea Bay CT Scanner Simulator - LTA	Recur	0.1	0.1	-	-	Investment for CT Scanner Simulator for 3D imaging £32k.
VBHC – Fracture Liaison service	Recur	0.3	0.2	0.1	-	Part year funding requirement year 1
Children & Young People Weight Management	Recur	0.1	0.0	0.1	-	£126k additional in FY27-28, £0.3m in reserves
Public Health – Health Coaches	Recur	0.6	0.6	-	-	Full business case review and decision required
Medical Rate Card	Recur	0.4	0.4	-	-	V&S paper November, minimum £0.4m included, range could be up to £2.3m, pending outcome of LMC/BMA discussions
<b>Sub-Total</b>		<b>1.5</b>	<b>1.3</b>	<b>0.2</b>	<b>-</b>	
<b>Total</b>		<b>8.3</b>	<b>5.4</b>	<b>2.8</b>	<b>-</b>	

# Existing financial risks requiring mitigation



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The table summarises the priority financial risks affecting the in-year financial position. Proactive mitigation is required to ensure these pressures are managed within the broader financial plan, as they have been through 2025/26.

Function	Financial Risk	£'m
Community and Integrated Medicine	Medical staffing costs have risen sharply. There are currently 25 agency doctors across USC sites covering sickness and vacancies — a 257% increase compared with earlier in the year.	1.9
Mental Health and Learning Disabilities	Increasing demand for inpatient services is exceeding available bed capacity, creating an urgent need for alternative outsourced arrangements to maintain continuity of care.	1.0
Planned and Specialist Care	Additional activity delivered in 2025/26 is funded from in-year underspends. These underspends will not be available in 2026/27. Therefore, this activity will need to cease unless further external recovery funding is secured.	2.0
Primary Care	This year's underspends in both Dental and GMS contracts have delivered a non-recurrent benefit, Welsh Government has confirmed that these budgets are expected to be fully utilised in 2026/27	3.8
Purchased of outsourced beds	Purchase of outsourced beds and nursing costs from Independent sector - for PICU, Bryngofal, Morlais and St Caradogs – driven by rising patient acuity and capacity constraints	1.0
Estates Maintenance	Estates Maintenance Pay and Non pay underlying pressure -SBAR to be followed through IQFPD	1.6
Health Board Wide Vacancy Effect Reduction – impact on savings conversion	Since Q1, the Health Board substantive workforce has grown month-on-month, with a 2% (221 wte) rise since July and total WTE is now above the level at the start of the year and apart from HCSW, all staffing groups have increased. This will impact on the pay underspend expected in 2026/27.	10.1
<b>Total</b>		<b>21.4</b>

# Finance risks to the financial plan



GIG  
CYMRU  
NHS  
WALES

Bwrdd Iechyd Prifysgol  
Hywel Dda  
University Health Board

The table summarises the priority financial risks affecting the financial position anticipated for 2026/27. Proactive mitigation is required to ensure these risks are managed within the broader financial plan, predominately via seeking additional support from Welsh Government due to their national implication.

Investment Description (£'m)	FYE	Year 1 2026/27	Year 2 2027/28	Year 3 2028/29	Additional Comments
Future Workforce Solution update – internal project team	-	0.6	0.6	-	ESR Replacement system Implementation internal Workforce (Non recurrent) project team requirements. Assumed to be funded by Welsh Government should the Health Board continue as early adopters
National Resident Doctors pay reform	TBC	TBC	TBC	TBC	New pay structure to be implemented – assumed to be funded by WG but may be local pay scale cost implications
Welsh Government Conditionally Recurrent funding	26.0	26.0	26.0	26.0	£26.0m funding received in 24/25 was on the condition that the health Board would be financially breakeven in 2027/28. Currently the plan does not breakeven, and therefore a risk is being highlighted that Welsh Government could remove this allocation from the Health Board in any or all of the three years
<b>Total</b>	<b>26.6</b>	<b>26.6</b>	<b>26.6</b>	<b>26.0</b>	