Bwrdd Iechyd Prifysgol
Hywel Dda
University Health Board

Pwyllgor Cyllid a Pherfformiad/ Finance and Performance Committee

DYDDIAD Y CYFARFOD: **DATE OF MEETING:**	27 August 2026
TEITL YR ADRODDIAD: **TITLE OF REPORT:**	Finance Deep Dive: Medical Variable Pay
CYFARWYDDWR ARWEINIOL: **LEAD DIRECTOR:**	Mark Henwood, Executive Medical Director
SWYDDOG ADRODD: **REPORTING OFFICER:**	Carly Hill, Assistant Director, Medical Directorate

Pwrpas yr Adroddiad (dewiswch fel yn addas) **Purpose of the Report** (select as appropriate)
Er Sicrwydd/ For Assurance

ADRODDIAD SCAA
SBAR REPORT

Sefyllfa / Situation

Medical workforce expenditure is a significant contributor to the Health Board's financial challenge. Analysis of Months 1 to 3 2026/27 expenditure demonstrates a continued reliance on agency staffing and, more significantly, medical variable pay to deliver recurrent services.

The total spend across the first three periods was £7.1m, comprising:

- Variable Pay: £5.43m (77%)
- Agency Spend: £1.67m (23%)

The key financial concern is that variable pay expenditure is being used to sustain predictable and ongoing activity rather than addressing short-term staffing gaps. This indicates a structural workforce affordability issue rather than a temporary resourcing issue.

Cefndir / Background

The Health Board has implemented a number of controls to improve oversight of medical temporary staffing expenditure, including:

- Medical rate card implementation
- Allocate roster deployment
- Medical Workforce Stabilisation Programme
- Enhanced financial and workforce reporting

Whilst agency expenditure remains a financial pressure, recent analysis demonstrates that internal medical variable pay represents the largest component of temporary staffing costs.

A financial deep dive was therefore undertaken to identify the principal drivers of spend, the highest-cost specialties and services, and the opportunities available to reduce expenditure whilst maintaining safe clinical services.

Asesiad / Assessment

OVERALL POSITION

Category	Spend (£m)	% Total
Variable Pay	5.4	76.5%
Medical Agency	1.6	23.5%
Total	7.1	100%

For every £1 spent on agency staffing, approximately £3.30 is spent on internal medical variable pay.

HIGHEST SPENDING AREAS

Total Agency Spend

Clinical Care Group	Spend (£)
Pembrokeshire Integrated System	575,489
Carmarthenshire Integrated System	450,500
Pathology	353,088
Mental Health and Learning Disabilities	191,414
Planned and Specialist Care	131,519

Key agency drivers include:

- Withybush Hospital (WGH) Accident and Emergency Medical Staffing (£296k)
- WGH General Medicine (£279k)
- Glangwili Hospital (GGH) General Medicine (£267k)
- Haematology services across GGH, WGH and Bronglais Hospital (BGH) (£352k)

Service	Number of workers	Number covering vacancy	Clear exit strategy	No clear exit strategy
Haematology	5	4	1	4
Mental Health and Learning Disabilities	3	3	2	1
Planned and Specialist Care	2	0	0	2
Ceredigion Integrated System	1	0	1	0

Carmarthenshire Integrated System - **GGH** - **PPH**	9 3	8 2	9 3	0 0
Pembrokeshire Integrated System	14	13	9	5
Children, Women and Family Health	4	4	4	0

A review identified 41 temporary workers across services, of which 34 (83%) are covering substantive vacancies. Whilst services have identified exit strategies for 29 temporary workers, the maturity and deliverability of these plans vary.

A detailed review is currently being undertaken to assess confidence against each exit plan, including recruitment progress, expected timelines and associated risks. For the 12 workers without a defined exit strategy, a focused review is underway to determine whether expenditure can be reduced through substantive recruitment, rota redesign, service consolidation, alternative workforce models or cessation of non-essential activity. This work forms part of the Medical Workforce Stabilisation Programme and will provide a prioritised action plan for all long-term temporary staffing arrangements.

The greatest concentration of risk lies within Pembrokeshire Integrated System and Haematology, which together account for 75% of workers without a clear exit strategy. Pembrokeshire represent two-thirds of all reported workers, indicating that urgent and unscheduled care remains the largest area of workforce dependency and therefore the greatest opportunity for sustainable cost reduction through recruitment, retention and workforce redesign initiatives.

TOTAL VARIABLE PAY SPEND

Clinical Care Group	Spend (£)
Planned and Specialist Care	2,113,724
Carmarthenshire Integrated System	719,066
Children, Women and Family Health	511,722
Pembrokeshire Integrated System	392,227

HIGHEST COST SPECIALTIES

Clinical Care Group	Spend (£)
Anaesthetics	712,338
General Medicine (multiple sites)	511,000
General Surgery	366,345
Orthopaedics	322,173
Paediatrics	258,386
Obstetrics and Gynaecology	243,658

Key Financial Themes

1. Significant reliance on additional sessions to deliver planned care activity, particularly within Anaesthetics, General Surgery and Orthopaedics. The Planned and Specialist Care Clinical Care Group (CCG) has commenced a programme of work to quantify the proportion of variable pay associated with planned activity to identify opportunities.
2. Embedded use of variable pay within anaesthetics and surgical specialties.
3. Ongoing dependency on agency staffing to maintain emergency medicine and general medicine rotas.
4. Workforce shortages within pathology resulting in sustained premium expenditure.

Financial Opportunity

The analysis suggests that a proportion of current expenditure could be avoided through:

- Job plan redesign and annual review.
- Conversion of recurrent additional sessions into substantive programmed activities.
- Strengthened rate card compliance.
- Reduction in negotiated rates.
- Targeted recruitment to high-cost specialties.
- Workforce redesign across anaesthetics, unscheduled care and pathology.

The themes and opportunities identified through this review should be regarded as indicative rather than exhaustive. The current reporting functionality within Allocate limits the Health Board's ability to fully understand the relationship between roster design, vacancy levels, shift gaps and variable pay expenditure.

A joint programme of work is underway between Medical Workforce and Finance to strengthen reporting arrangements, improve data integrity and develop specialty-level workforce and financial dashboards. This will provide greater assurance regarding the scale of the opportunity and support more effective management intervention.

Not all variable pay is releasable:

- A proportion remains required to manage service fragility, recruitment gaps, and demand instability. The precise proportion has not yet been quantified, and work needs to be undertaken to provide a robust assessment of the realistic releasable opportunity.
- Delivery plans therefore need to be developed to focus on the achievable element of conversion, not total elimination. With the inclusion of workforce actions, financial trajectories, accountable leads, timescales and savings opportunities.
- Service design doesn’t align with the current budget/funded posts.

The Medical Workforce Stabilisation Programme will provide the overarching structure for this work. This incorporates recruitment, retention, rota design, job planning, temporary workforce controls and supporting specialty level financial recovery actions.

Workforce Stabilisation Opportunity

These opportunities have been designed to support the Workforce Stabilisation Programme being developed by the Director of Workforce and Organisational Development and will be monitored and reported into the overarching programme board.

Day 30 – Medical Workforce Baseline and Rota Review (most of this has been completed)

- Complete specialty-by-specialty review of all junior doctor and consultant rotas against service requirements and budgeted establishment.
- Identify all rotas currently operating outside the agreed 6-4-2 scheduling principle and quantify associated premium cost, locum usage and vacancy impact.
- Establish baseline metrics for:
    - Internal locum expenditure.
    - Agency locum expenditure.
    - Additional programmed activities.
    - Waiting list initiative payments.
    - Out-of-hours premium payments.
- Review compliance with medical job plans and identify opportunities to align Direct Critical Care (DCC), Supporting Professional Activities (SPA) and managerial time with service need.
- Establish monthly medical workforce performance dashboard showing:
    - Fill rates.
    - Vacancy rates.
    - Locum utilisation.
    - Exception reporting.
    - European Working Time Directive (EWTD) compliance.
    - 6-4-2 rota compliance.
- Confirm all medical rotas are loaded onto Allocate and roster reports available for management review.

Day 60 – Implement Medical Controls

- Implement agreed 6-4-2 rota model across priority specialties.
- Look to develop a centralised Rota co-ordination and Medical Bank team.
- Review all long-term locum placements and develop substantive recruitment or rota redesign plans.
- Create rota review panels for high-cost specialties (Emergency Department, Medicine, Anaesthetics, Radiology and Psychiatry).
- Reduce premium rate bookings through:
    - Earlier gap identification.
    - Internal bank utilisation.
    - Cross-site workforce deployment.
    - Job plan optimisation.
- Review consultant job plans to ensure sessions match rostered service demand (ensure services are using the service planning leading to job planning model).
- Introduce monthly specialty-level review of:
    - Agency usage.
    - Internal locum spend.
    - Unfilled shifts.
    - Rota compliance.

- Undertake demand and capacity modelling to determine whether current 6-4-2 patterns maximise productive clinical time.

Day 90 – Demonstrable Medical Workforce Improvements

- 95%+ compliance with agreed 6-4-2 rota principles across identified specialties.
- Reduction in medical agency spend against baseline.
- Reduction in internal locum expenditure and ad-hoc shift requests.
- All high-cost specialties operating with agreed recruitment and rota sustainability plans.
- Medical workforce dashboard embedded within monthly performance reviews.
- Exception reporting and EWTD monitoring automated through rostering system.
- Evidence of reduced shift gaps through improved rota design rather than reliance on premium pay solutions.
- Specialty-level variance reports produced showing cost and workforce impact of non-compliance with 6-4-2 scheduling.

Argymhelliad / Recommendation

The Finance and Performance Committee is asked to:

- **NOTE** the findings of the financial deep dive.
- **RECOGNISE** that medical variable pay represents the principal driver of temporary staffing expenditure.
- **ENDORSE** targeted intervention in the highest-spend specialties and services, particularly Anaesthetics, General Medicine and Pathology.
- **REQUIRE** specialty-level recovery plans for the top expenditure areas.

Amcanion: (rhaid cwblhau) **Objectives: (must be completed)**	
Cyfeirnod Cylch Gorchwyl y Pwyllgor: Committee ToR Reference:	3.1.1 Receive assurances on the financial governance and control environment in operation across the Health Board. This will be achieved a programme of deep dive reviews into the following themes, which mirror the national Value and Sustainability Board: 3.1.1.1 Workforce 3.1.1.2 Non-pay and procurement 3.1.1.3 Medicines value and sustainability 3.1.1.4 Commissioned care 3.1.1.5 Clinical variation and service configuration
Cyfeirnod Cofrestr Risg Datix, Teitl a Sgôr Risg Cyfredol: Datix Risk Register Reference and Score:	1978 'Risk of insufficiently skilled workforce to deliver services due to limited labour market', which includes medical workforce. 2326 'Risk to achieving 26/27 Target Control Total due to underlying deficit, insufficient savings & reliance on non recurrent funding'
Parthau Ansawdd: Domains of Quality	1. Safe 2. Timely

Quality and Engagement Act (sharepoint.com)	6. Person-Centred
Galluogwyr Ansawdd: Enablers of Quality: Quality and Engagement Act (sharepoint.com)	2. Culture and valuing people 5. Whole systems persepctive
Amcanion Strategol y BIP: UHB Strategic Objectives:	All Strategic Objectives are applicable
Nodau Cynllunio 2026/27 Planning Goals 2026/27	1. Healthy, Thriving Teams 6. Safe, Timely, High Quality Care
Hypergyswllt i Amcanion Llesiant HDdUHB 2026 Hyperlink to HDdUHB Well-being Objectives 2026	3. Create people-centred employment and development opportunities that support workforce transformation, reflect the changing needs of
Model Cymdeithasol ar gyfer Iechyd a Llesiant: (wedi'i gwblhau ar gyfer newid strategol a/neu newidiadau sylweddol i wasanaethau) A Social Model for Health and Wellbeing: (*complete for strategic change and/or significant service changes)*	Not Applicable
Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Not Applicable
Rhestr Termau: Glossary of Terms:	Contained within the body of the report.
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y cyfarfod hwn: Parties / Committees consulted prior to this meeting:	Not Applicable

Effaith: (rhaid cwblhau) **Impact: (must be completed)**	
Ariannol / Gwerth am Arian: **Financial / Service:**	Financial Impact Service Impact
Ansawdd / Gofal Claf: **Quality / Patient Care:**	Adverse quality and/or patient care outcomes/impacts: Quality Impact Assessment Template
Gweithlu: **Workforce:**	Future Staffing model for Medical Workforce.
Tegwch Iechyd: **Health Equity:**	• Have the potential impacts on health equity been considered? N/A • Has an equity focussed health impact assessment been undertaken N/A Equity-Impact-Assessment-Toolkit
Risg: **Risk:**	Risk identified are as per the risk register.

Cyfreithiol: **Legal:**	Not Applicable
Enw Da: **Reputational:**	Potential for political interest due to continued financial position.
Gyfrinachedd: **Privacy:**	Not Applicable
Cydraddoldeb: **Equality:**	e.g. potential negative/positive impacts identified in the Equality Impact Assessment (EqIA) documentation – follow link below • No (Not required) • No (Not required) Equality Impact Assessment