

FINANCE AND PERFORMANCE COMMITTEE

ANNUAL REPORT

2025/26

1. Introduction and Chair's summary

In line with Standing Orders the Finance and Performance Committee must submit an Annual Report to the Board through the Chair within 6 weeks of the end of the reporting year setting out its activities during the year and including a review of its performance and that of any Sub-Committees it has established, setting out how the Committee has met its Terms of Reference during the financial year.

The Board uses this annual report to inform:

- The ongoing development of its governance arrangements, including its structures and processes; and
- Its Board Development Programme, as part of an overall Organisation Development framework.

Chair's Reflections

2025/26 was the first year of the new Finance and Performance Committee. At the same time, it was another challenging year financially for the Health Board. We succeeded in ending the year just under our financial control target of £22.1 million deficit.

Throughout the year the deficit was closely tracked, keeping to predicted figures, demonstrating grip and discipline. However, concerns and long-standing financial challenges remain. In the last part of the year the Committee began to examine the longer-term plan over three years, with the aim of acting proactively and purposefully to move towards break even.

The other part of the Committee's remit is performance. This is a vast area and the challenge for the Committee is to identify key areas having the greatest impact whilst retaining focus in other areas. It is also a challenge for the Committee to make space to accommodate wide ranging discussion and debate, and deep dives on its agenda.

The Committee has made progress during the year; however, given its wide remit and the significance of the issues under consideration, there remains further work to do and I would like to offer my sincere thanks to Committee members and those supporting the Committee. Looking ahead, the Committee will remain focused on good financial stewardship, high-quality and well-co-ordinated data and information, and the delivery of improved performance, productivity and outcomes.

Terms of Reference and Workplan

The Terms of Reference for the Finance and Performance Committee is reviewed on an annual basis or following any significant changes. The Terms of Reference were last reviewed by the Committee on 16 December 2025 and approved by Board on 29 January 2026:

[Finance and Performance Committee Terms of Reference](#)

The Finance and Performance Committee has an annual work plan to enable forward planning for the forthcoming year. The workplan is produced to incorporate the duties outlined in the Committee's Terms of Reference and any suggested areas of focus identified during the self-assessment process.

The Finance and Performance Committee workplan covers a range of activities including statutory reporting duties, regular items of business and priority planned pieces of work which support Board and Committee's objectives.

The work plan is regularly updated throughout the year to ensure it remains responsive to emerging issues and risks.

[Finance and Performance Committee Workplan 2025/26](#)

2. Sub-Committees

The Finance and Performance Committee did not establish any sub-committees during 2025/26.

3. Table of attendance

Membership	29 Apr 2025	26 June 2025	26 Aug 2025	15 Sept 2025 (Extra.)	21 Oct 2025	16 Dec 2025	24 Feb 2026
Michael Imperato Independent Member (Legal)	✓	✓	✓	✓	✓	✓	✓
Anna Lewis Independent Member (Community)	x	✓	✓	✓	✓	✓	
Neil Prior Independent Member (Community)							x
Rhodri Evans Independent Member (Community)	✓	✓	✓	✓	✓	✓	✓
Eleanor Marks Independent Member/Health Board Vice Chair	✓	✓	✓	✓	✓	✓	✓
Winston Weir Independent Member (Finance)	✓	✓	✓	✓	✓	✓	✓
In Attendance	29 Apr 2025	26 June 2025	26 Aug 2025	15 Sept 2025	21 Oct 2025	16 Dec 2025	24 Feb 2026

				(Extra.)			
Huw Thomas Executive Director of Finance	✓	✓	✓	✓	✓	✓	✓
Andrew Carruthers Chief Operating Officer	✓	✓	✓	✓	✓	✓	✓
Jill Paterson Director of Primary Care, Community and Long-Term Care	✓	✓	x	x	x		
Joanne Wilson Director of Corporate Governance/Board Secretary	✓	✓	✓	✓	✓	✓	✓
Lisa Gostling Executive Director of Workforce and Organisational Development/Deputy Chief Executive Officer							✓
Sharon Daniel* Director of Nursing, Quality and Patient Experience	x	x	✓	✓	✓	✓	x
Mark Henwood* Interim Medical Director	x	x	x	x	x	✓	x
James Severs* Director of Allied Health Professions and Health Science	✓	✓	x	x	✓	x	✓
Meeting quorate?	Yes	Yes	Yes	Yes	Yes	Yes	Yes

The quorum for meetings of the Finance and Performance Committee consists of no less than three of the membership and must include as a minimum the Chair or Vice Chair of the Committee, and two other Independent Members, together with a third of the In Attendance members, which must include the Director of Finance and a Clinical Executive Director.

The Clinical Executive Directors are indicated with an asterisk (*) in the table of attendance (above) with one of the three Clinical Executive Directors required to be present for the Finance and Performance Committee to be quorate.

4. Committee Activities – alert, advise and assure.

The Committee is required to report to the Board after each Committee meeting by presenting a report highlighting the key discussion items at the Committee.

Alert – *The following matters were areas where the Committee was unable to take an assurance or had a lack of confidence that the action in place was sufficient to address the issue satisfactorily and/or it was within the scope of the operational team to resolve and were alerting the Board as engagement action or intervention was required.*

- **Finance Report** – in **Month 2 2025/26**, the Committee were informed that Welsh Government (WG) expected the Health Board's financial position to improve from a £31.5m deficit position to £24m. A letter had been submitted to the Director General from the Chief Executive. The letter itself was not circulated to the Committee as it had been shared at Board level, with the Committee instead receiving a summary of the position for assurance.

It was observed that Clinical Care Groups (CCGs) had under-identified savings and were over-reliant on non-recurrent savings which, ~~are~~ by their nature, were unsustainable.

Concern was expressed that there were a significant number of operational areas within the Health Board internally escalated to Level 3 within the finance and performance domains.

In **Month 4 2025/26** it was alerted that the Health Board continued to signal a savings gap of £19.5m which did not represent delivery to date with significant net mitigating actions of £17.6m being required. WG had signalled a credibility issue relating to the Health Board's inability to proactively plan and manage its finances. While the core operational variation was reporting an underspend, the main driver of the gross forecast remained the unidentified savings gap of £19.5m.

There was also a significant savings identification gap for savings schemes across the CCGs, most notably within the Community and Integrated Medicine CCG (£6.8m), Planned and Specialist Care CCG (£5.3m) and Planned Care and Community Strategy CCG (£3.5m) with no remedy identified. Concern was expressed on the capacity available to provide CCGs with the support required to resolve the conflicting demands of improving performance at the same time as making the required savings to meet WG expectations.

NHS Wales Shared Services Partnership (NWSSP) advised of a potential risk that the risk share arrangements may be invoked for the Welsh Risk Pool where claims settlement volumes had increased during 2025/26 and that the impact for Hywel Dda University Health Board (HDdUHB) was estimated to be £4.1m which would result in a review of the Health Board's reported financial forecast.

During Month 8 of 2025/26 the Board was alerted to a material risk that the Health Board could not provide assurance of a credible trajectory to break even by 2027/28, due to weaknesses in the quality, recurrence and assurance of savings plans emerging from CCGs. While the Health Board was on aiming to reach in-year savings target by year end, delivery was uneven and overly reliant on non-recurrent measures. As a result, Executive actions during the

latter part of the year focused on strengthening financial grip and control, resetting the approach to savings, and embedding recurrent reductions within delegated budgets to support the development of a more sustainable medium-term financial trajectory.

During 2025/26 the Board recognised that financial recovery and performance delivery were intrinsically linked. As financial pressures intensified, a number of services were escalated across both finance and performance domains, reflecting the competing demands of delivering national standards while identifying sustainable savings. In several areas, short-term performance deterioration was consciously tolerated to protect patient safety and prioritise high-risk cohorts. By year end, grip and control over performance had strengthened alongside financial governance; however, as with the financial position, delivery of sustained performance improvement remained dependent on workforce recovery, service reconfiguration and longer-term transformation beyond 2025/26.

- It was confirmed at the Finance and Performance Committee meeting on 26 June 2025 that all delegated budget accountability letters had been agreed and signed for the 2025/26 year.
- **Therapies Performance** the Committee alerted the Board to performance issues specifically within Audiology, Mental Health and Learning Disabilities and Unscheduled and Emergency Care, with Therapies Waits of 14 weeks and over, and with the latest performance showing concerning variation, with 2,216 breaches at the end of March 2025, representing a deterioration following 3 months of reduced breaches. Driving this position were physiotherapy and podiatry which accounted for almost 80% of the total number of breaches.

There was also a concerning variation of the performance of Audiology Adult Hearing Aid Waits of 14 weeks and over, due to issues including a large backlog coupled with workforce deficits, significant short-term and long-term sickness, staff vacancies and support needing to be provided to revised Ear, Nose and Throat (ENT) rotas due to an increase in the ENT consultant team without an increase in Audiology staffing levels.

- The Committee alerted the Board to concerns on performance within **Urgent and Emergency Care (UEC)** however it was observed that there were actions and plans in place to respond to those performance challenges within UEC.
- Deterioration in **Ophthalmology R1 Performance**, particularly within the intravitreal therapy (IVT) pathway, resulted in the service being subject to Targeted Intervention escalation during 2025–26. This reflected significant workforce and capacity constraints, creating risks to compliance with NICE

timelines for Wet Age-Related Macular Degeneration and associated patient safety concerns. The Board approved a funded recovery programme, including expanded clinic capacity, workforce investment and service reconfiguration, with delivery progressed through the 2025–26 planning cycle.

- The Committee alerted the Board to concerns on the challenged and deteriorating performance of **Children and Young People Neurodevelopmental Services** and the lack of resources to address the short-term demand and capacity of the service with similar concerns alerted to the Board from the Quality, Safety and Experience Committee (QSEC) resulting in the Board being requested to facilitate greater scrutiny of the service and the plans in place to improve the performance of the service.
- The Committee also alerted the Board to the need to triangulate the finance, performance and quality considerations of constructing an **Annual Plan** for 2026/27 that encapsulated the capacity, productivity and workforce challenges for the Health Board and to articulate the balance that will need to be made between finance and performance and quality, safety and the patient experience and to agree a collective position on the balance of each that the Health Board would tolerate.

Advise – *The following matters were areas of concern where assurance had been taken on actions in place but required close monitoring.*

- **Finance Report** - in April 2024, the Committee advised the Board that there were financial and savings plans in place that the Committee would monitor to ensure that the Health Board was delivering against those plans and that investments made into areas such as Diagnostics would be tracked to ensure oversight of the impact of the investments and to ensure that there was a line of sight into the outcomes of delivery and the impact of key investments.

The Committee advised that a number of Directorates had been escalated to Level 3 ('no assurance') for five consecutive months or more for the domain of Finance, Strategy and Planning with an urgent recovery plan required from each directorate, and that assurances could not be taken that there was an imminent improvement trajectory in place. The Committee sought assurance that the Operational transition to the CCG structure would not delay results to required actions.

It was noted that there was a significant scale of risk being managed within the operational delivery space however the Committee advised that it felt that there were plans and actions in place to manage and mitigate those risks.

It was also advised that further action was required to strengthen delivery of the recurrent savings requirements set out in the 2025/26 Annual Plan submitted to Welsh Government. This included progressing the £12m of identified savings opportunities into fully developed and robust delivery plans,

undertaking additional assessment of services demonstrating underspends for potential conversion into recurrent savings, and identifying further actions to improve performance against the Target Control Total (TCT).

Following Month 6 2025/26, the Committee continued to scrutinise and receive reporting on the Health Board's reliance on non-recurrent savings through subsequent Finance Reports and consideration of the Three-Year Financial Plan. While the issue continued to be highlighted, it was no longer consistently presented as an 'Advise' item, reflecting that the risk was established, understood by the Board, and being managed through the financial planning and savings governance framework

- Following a deep dive into Commissioned Care, the Committee advised the Board that the Health Board faces demographic challenges in the delivery of Long-Term Care, alongside financial pressures arising from the Real Living Wage and increases in Employers' National Insurance Contributions and noted that the Health Board continues to have positive and constructive engagement with its Local Authority partners.
- The Committee advised the Board that within **CCG Financial Savings** there were a number of actions in progress to deliver financial savings within the CCG structure however there was a level of risk to the delivery of the required levels of financial savings.

Following Month 6 2025/56, it was noted that the financial savings realised by the CCGs were reliant on non-recurrent actions derived from accounting for monthly underspends as savings that did not address the recurrent challenges to reduce the underlying deficit. Service reconfiguration opportunities arising from the Clinical Services Plan consultation were unlikely to be realised by the end of March 2026. The Committee further advised that a significant level of improvement of savings delivery was required for the Health Board to achieve a break-even position by the end of 2027/28.

- It was identified within **Planned Care and Cancer Performance and Productivity** that Single Cancer Pathway (SCP) performance was anticipated to experience short-term temporary deterioration in Q3 2025/26 due to actions taken to reduce the backlog of patients waiting over 62 days to start their treatment from the first suspicion of cancer.

Performance was expected to recover from February 2026 to above 70% of patients starting treatment within 62 days of the point of suspicion of cancer. The expectation is to meet the WG 80% performance target, but this was dependent on the outcome of measures to remodel individual cancer pathways and to increase capacity.

- Within the **Radiology** Update, the Committee was informed that funded plans were in place to address Magnetic Resonance Imaging (MRI) and Computed Tomography (CT) scanning performance, with 8-week radiology breaches

showing consistent improvement. However, the Committee noted that challenges remained in sourcing additional ultrasound capacity. In the interim, delivery of the required level of radiology capacity across CT, MRI and ultrasound was being maintained through outsourced commissioned activity pending recruitment into substantive radiology posts, with alternative and additional Non-Obstetric Ultrasound Service (NOUS) insourcing commissioning opportunities being explored. It was further noted that constraints within ultrasound capacity continued to impact upon Sustained Continuous Performance (SCP), requiring continued monitoring by the Committee.

- A **Triangulation of Demand and Capacity Activity Trajectory within Radiology and Therapies** advised that there were concerns on the delivery risk to 500 radiology diagnostic patients due to supplier insourcing capacity limitations, with options having been explored to source additional ultrasound capacity to reduce the gap to zero by the end of Q4 2025/26. It was observed that there were also challenges within the performance of three therapy areas; dietetics, podiatry and physiotherapy with discussions with WG undertaken to explore any additional support available to enable the provision of additional capacity to improve the 14-week waiting target for access to therapy services.
- The Committee advised the Board that **Ambulance Handover Performance** improvements in ambulance handover times, while considered significant, were potentially not sustainable.
- In response to the **Escalation Oversight and Highlight Report** the Committee advised the Board of a need to ensure there was clarity and uniformity of data used to measure performance and inform performance trajectories for the assessment of service performance, and that a triangulated model of data analysis was needed to be developed by the Data Science Team to provide centralised independent data for analysis to assist internal escalation assessment.

Assure – *The following matters were areas where there was confidence that robust actions are in place and are sufficient to address the issues to operate effectively.*

- **Finance Report** - the financial position as of Month 12 2024/25 - the Health Board saw a positive financial performance in 2024/25 by delivering a £24.1m deficit position, in excess of the £31.55 Welsh Government TCT.

The Committee were assured that the Health Board's nurse agency position had improved markedly during 2024/25 with further controls implemented and in place to ensure the cessation of any planned Nursing and Healthcare agency for all services.

- A **deep dive into Commission Care** provided assurance from the processes being followed within the Long Term Care Team on work to benchmark the Health Board's management and cost performance of costs and volumes of packages by having significantly more service input to provide more reliable and robust cost and activity comparisons with other Health Boards in Wales.
- **The Thematic Reviews of Finance and Performance Report** provided assurance that significant levels of assessments and interventions were being taken within mental health services to improve performance.
- The **Internal Escalation Report** provided an objective baseline assessment of each CCG and Executive Function's escalation status while acknowledging that it did not provide a subjective analysis of individual components or services' level of excellence or aspiration.
- The **External Escalation Report** provided assurance that a number of performance improvements had been delivered to enable the Health Board to meet its WG Targeted Intervention (TI) de-escalation criteria in relation to SCP performance and zero 104-week wait referral to treatment (RTT) breaches maintained for three consecutive months from April to June 2025.
- The **Community and Integrated Medicine CCG Performance and Productivity** report provided assurance that the Community and Integrated Medicine CCG performance was showing progress in delivering change in a sustainable manner with actions being progressed by the CCG and its constituent site and system leadership teams to support improvements in Urgent and Emergency Care (UEC) performance and productivity.
- The **Planned Care and Cancer CCG Performance and Productivity** report provided assurance that the Planned and Specialist Care CCG had demonstrated progress and had further actions in place to enable improvements within planned care and cancer performance and productivity.
- The Committee were assured that **Ambulance Handover Performance** had demonstrably improved following the system reset week held in September 2025. The implementation of measures such as criteria-led discharge, the optimisation of the use of discharge lounges and the 'Your Next Patient' initiative had improved the flow of patients through the acute hospital setting, improved the efficiency of patient discharge, reduced the number of medically-optimised patients and their lengths of stay within the acute setting, and improved ambulance handover times across all acute sites within the Health Board.
- A review of the **Neurodivergent and Psychological Therapies Pathways – Performance and Milestones to Targets** assured the Board that there was a

plan in place to eradicate the number of patients waiting over 3 years for neurodevelopmental assessments through the utilisation of additional support provided by WG. An improved trajectory in performance of psychological therapies was anticipated following the realisation of the impact of a revised group therapy model.

- The **Financial Deficit Savings Category Update Report** confirmed that appropriate processes are in place and that the review of financial deficit savings schemes is robust, with the governance arrangements supporting this review assessed as effective.
- The Committee were assured through the **Urgent and Emergency Care (UEC) and Six Goals Update** that there were robust and high-profile processes in place to improve UEC performance with progress with UEC transformation in place however the Committee wished to **advise** that there were significant risks within a complex and fragile system.
- **R1 Ophthalmology Performance** exhibited an increased level of activity resulting in an increased level of performance to give strong assurance that the Health Board was on track to meet its TI target of 65% of R1 Ophthalmology patients being seen within their clinical target date, or within 25% of their clinical target date for their care or treatment by the end of September 2026.
- A review of **Partnership Working – Commissioning Arrangements** provided assurance that commissioning and contracting arrangements were being effectively overseen and monitored to ensure that the Health Board received efficient and effective commissioning arrangements with its partner organisations, especially the neighbouring Swansea Bay University Health Board (SBUHB). The Committee were informed that there would be work undertaken to reduce the level of uncoded clinical activity being charged to the Health Board to ensure a that a robust financial approach was being undertaken with the Health Board’s provider organisations.
- It was demonstrated in the **CCG Financial Savings Action Plans** that the level of in-year non-recurrent savings that had been achieved was evidence of effective grip and control measures that had been undertaken by the Health Board to control costs in-year, and enabled a foundation from which future measures could be undertaken to enable recurrent savings to be enacted by CCGs to undertake structural changes to address the Health Board’s underlying deficit.
- The **Medical Stabilisation Programme Update** was understood to be making a significant impact on improved visibility over staffing allocations within the Health Board and was on track for a full roll-out of the ‘Allocate’

workforce management system by 31 March 2026. The implementation of a standardised Medical Rate Card was believed to incentivise the take-up of available shifts and reduce the levels of variable pay with the link to the e-Rostering system allowing for real-time monitoring of the medical workforce. The Committee, however, caveated its assurance to the Board with the long-term improvements in the medical workforce situation being dependent on the successful implementation of the Urgent and Emergency Care Transformation Business Case and Emergency Department Business Case.

- There was assurance in the process of formulating a **Three-Year Financial Plan** that took the Health Board close to a break-even position and the stating of the savings requirements required to achieve a financially sustainable position. There was assurance that the Health Board had a strong understanding on the conversion of non-recurrent savings into recurrent savings that improved the Health Board's underlying deficit and the Board was assured that the case for presenting a demonstrably improving financial position could be provided to WG.

5. Committee Effectiveness - Feedback from self-assessment process

As stipulated within Standard Orders, the Board introduced a process of regular and rigorous self-assessment and evaluation of the performance of the Finance and Performance Committee.

- For the Finance and Performance Committee this involved the completion of a short digital form which requested feedback on the following areas:
 - Financial Oversight and Stewardship
 - Performance Monitoring and Delivery
 - Risk Management and Assurance
 - Strategic Alignment and Value-Based Healthcare
 - Financial Strategy and Long-Term Sustainability

The results from this self-assessment were fed into an action plan, combining information and Auditor/Regulator feedback. The process was undertaken during the year and reported to the Committee on 24 February 2026: [Finance and Performance Committee Self-Assessment Outcome Report 2025-26](#).

What has gone well:

- Clearer reporting: report format is helpful and enables transparency
- Papers are generally good quality with increased focus on delivery, efficiency and outcomes, enabling strong Independent Member (IM) challenge.
- Good attendance from Executives and IMs.
- Positive shift in Committee behaviour: finance and performance correlates more effectively.
- Increasing emphasis on forward action plans, trajectories and ownership.
- Strong questioning and assurance on whether mitigations are in place.

- Root cause analysis is more evident, with focused updates from relevant functions

What we want to strengthen going forward:

- Consistent operational risk management and assurance: Whilst there is a robust corporate regime around risk management and assurance there are inconsistent practices across functions, leading to uneven visibility of risk and assurance.
- Continue refining papers to support strategic, not operational, decision-making: some papers (e.g. action plans, business cases) still lack clarity, making strategic alignment difficult to evaluate. Updates from functions vary in quality and robustness; some prevent the Committee from gaining assurance on corrective actions.

The Committee received an update on the self-assessment action plan progress on 26 August 2025 at the mid-year point.

6. Conclusion

The Committee is satisfied that it operated effectively and in line with its Terms of Reference. Issues have been escalated to Board as appropriate, and the Committee uses feedback from the self-assessment process to evolve and continually improve.