



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

DYDDIAD Y CYFARFOD: DATE OF MEETING:	30 April 2026
TEITL YR ADRODDIAD: TITLE OF REPORT:	Q1 2026/27 Financial Trajectory
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Executive Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Siân Jenkins, Deputy Director of Finance

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

Further to the approval of the Health Board's Annual Plan at the Board meeting on 26 March 2026, the purpose of this report is to frame the financial outlook for the Health Board for 2026/27. In particular to consider the position for Q1 2026/27 in light of the current financial risk profile, necessary mitigating actions and approach to attaining an assured position.

Cefndir / Background

In March the Board approved the submission of the Annual Plan to Welsh Government (WG) which represented a planned deficit of £41.0m. This includes savings delivery totalling £42.8m for the year. As part of the financial assessment a number of risks were highlighted as requiring mitigation, this includes £21.4m of existing operational financial risks which require proactive mitigation to enable the deficit of £41.0m.

Ahead of commencing the regular monthly cycle of the new financial year, an assessment of the latest financial outlook for 2026/27 was compiled to provide an indication of the position for each CCG and Corporate function.

This review was undertaken ahead of Month 12 2025/26 reporting where a number of unexpected costs were identified, which may have implications for subsequent months. This budget deficit assessment has been supplemented with the latest update on saving schemes identified, as at the start of April 2026, to provide an overall outlook.

The financial outlook for the Clinical Care Groups (CCGs) and corporate functions is framed in the table below. This reflects the values for the full year and considers all saving schemes identified across the BRAG status. A combined challenge of £18.1m adverse variance to budget, plus a savings shortfall of £29.0m, assuming all schemes identified to date deliver. Adding these sums to the planned deficit framed within the Financial Plan of £41m, the forecast for 2026/27 is £88.1m.

BY EXEC DIRECTOR	Underlying Deficit FY27	Savings Target FY26/27	FY27 Savings Gap/(Surplus)
Chief Executive	0.0	0.0	-0.1
Chief Operating Officer	17.3	30.7	21.8
Executive Director of Allied Health Professions & Health Sciences	1.0	2.7	2.7
Executive Director of Finance	0.0	0.2	-0.2
Executive Director of Nursing, Quality and Patient Experience	0.2	0.0	0.0
Executive Director of Public Health	0.0	0.1	0.0
Executive Director of Strategy and Planning	0.0	2.0	1.6
Executive Director of Workforce and Organisational Development	0.0	-0.5	-1.6
Executive Medical Director	0.0	6.0	3.4
Health Board Wide	-0.4	1.6	1.4
Total	18.1	42.8	29.0

There is a level of risk in containing the finances to enable the plan, for example, reducing the outlook from £88.1m to the planned deficit of £41.0m. There is also the further challenge of improving beyond the planned deficit in order to reach the Target Control Total (TCT) which WG expect to be met, therefore improving the outlook further to move the outturn position from £41.0m deficit to £22.1m.

Asesiad / Assessment

Quarter 1 Financial Outlook

Focusing on Q1 2026/27, the savings position can be tested in further detail by reviewing the profile of delivery framed for each saving plan, plus the BRAG status, i.e. Blue, Red, Amber or Green categorisation of saving schemes. Blue savings schemes represent a saving idea and Green represent a delivered saving scheme. As a saving opportunity begins to be developed the initial idea is framed as a Blue plan. As the plan develops, more detail is understood and as actions, timelines etc are confirmed, a successful saving plan moves along the spectrum from Blue to Red, Amber and eventually Green.

Focusing on savings that have already been declared as Amber and Green, the savings gap can be refined. The table below reflects the profiled savings plans for Q1 2026/27, both the savings delivery gap if all BRAG schemes are delivered, total £7.3m and specifically assuming only the Amber and Green schemes are realised, £9.0m gap. Over the course of Q1 2026/27 the expectation would be that some savings schemes would convert to Amber and Green, and / or new schemes be identified.

BY EXEC DIRECTOR	Underlying Deficit FY27 Q1	Savings Target FY26/27 Q1	FY27 Savings Gap/(Surplus) BRAG Q1	FY27 Savings Gap/(Surplus) A&G Schemes Q1
Chief Executive	0.0	0.0	0.0	-0.1
Chief Operating Officer	4.3	7.7	5.5	6.6
Executive Director of Allied Health Professions & Health Sciences	0.2	0.7	0.7	0.7
Executive Director of Finance	0.0	0.1	0.0	0.1
Executive Director of Nursing, Quality and Patient Experience	0.1	0.0	0.0	0.0
Executive Director of Public Health	0.0	0.0	0.0	0.0
Executive Director of Strategy and Planning	0.0	0.5	0.4	0.4
Executive Director of Workforce and Organisational Development	0.0	-0.1	-0.4	-0.4
Executive Medical Director	0.0	1.5	0.8	1.4
Health Board Wide	-0.1	0.4	0.3	0.3
Total	4.5	10.7	7.3	9.0

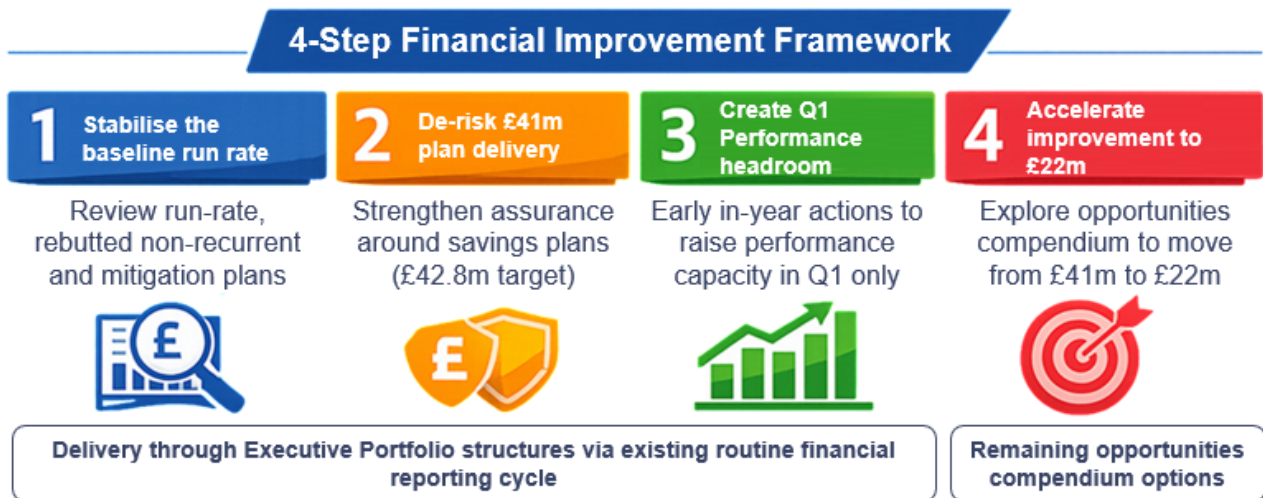
Therefore, the range for Q1 2026/27 financial outlook, combining the planned deficit £10.3m, the year to date budget deficit £4.5m and the savings gap between £7.8m and £10.2m, is currently estimated to be between £22.6m and £25.0m.

In respect of activity performance in Q1 2026/27 this remains a concern, particularly in the absence of WG funding to support elective recovery and cancer capacity. Through the Annual Plan, given the financial constraints it was not possible to earmark any additional funding to support additional Q1 2026/27 capacity, as such discussions have ensued to consider options. Recognising that a significant proportion of the Health Boards regular outgoings are committed, for example, substantive salaries and contract payments, expenditure that can be turned off more readily and at scale is variable pay, be that agency, overtime or bank. Whilst this would have operational consequences, it would provide a means of diverting spend to afford further elective and cancer capacity.

Improvement Framework

To support the recovery of the financial outlook, Executive Directors are considering next steps to enact a four-stage Improvement Framework proposed by the Director of Finance. This is illustrated at a high level below, with some supporting information included in **Appendix 1**.

Steps one to three seek to enable delivery of the £41.0m planned deficit, with step four aiming to go beyond that and support the £22.1m TCT.



1. Stabilise and Sustain the Financial Baseline – this includes reviewing the run rate, reviewing the non-recurrent opportunities which benefited finances in 2025/26 and have to date not been committed into 2026/27, plus consider mitigating actions to offset the level of budget deficits currently being highlighted.
2. De-Risk Delivery of the Savings Plan – further develop savings plans across CCGs and Corporate functions to provide greater assurance that £42.8m will be delivered. Challenge timing any non-recurrent schemes to boost delivery sooner rather than later and ensure progress is made on a recurrent basis.

3. Improve In-Year Run-Rate Performance - use improved run-rate to increase performance expectations, variable pay being a key opportunity to target.
4. Accelerate Further Financial Improvement - deliver improvement trajectory from £41m to £22m deficit, considering all opportunities posed through the Compendium of Variation and Opportunities Framework, plus reallocation of resources identified through CCGs and Corporate functions in eliminating low value activity.

Argymhelliad / Recommendation

The Finance and Performance Committee is asked to:

- **ACKNOWLEDGE** the update in respect of the financial outlook for Q1 2026/27 and the challenge this poses for the Health Board.
- **DISCUSS** and **SCRUTINISE** the four-step framework posed and the approach to reduce variable pay.
- **DECIDE** whether the approach being taken to improve financial performance for Q1 2026/27 is sufficient to gain Board support in May 2026.

Amcanion: (rhaid cwblhau)	
Objectives: (must be completed)	
Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	3.1.4 Receive assurance on the development of a clear financial strategic plan. This will be achieved through scrutiny of a medium term financial recovery plan which demonstrates clear alignment into the in-year financial plan. 3.1.14 Subject to the Board's direction and approval, develop and regularly review the performance management framework and reporting approach, ensuring that it includes meaningful, appropriate, integrated and timely performance data and clear commentary relating to the totality of the services for which the Board is responsible.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Not Applicable
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:	2026/27 Annual Plan document and Monitoring returns to Welsh Government based on HDdUHB's financial reporting system.
Rhestr Termau: Glossary of Terms:	BRAG – Blue, Red, Amber, Green saving scheme classification CCG – Clinical Care Group
Partion / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Adnoddau Cynaliadwy: Parties / Committees consulted prior to Sustainable Resources Committee:	Finance 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:	The Health Board 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 the Health Board's financial plan will affect its reputation with Welsh Government, Audit Wales, and with external stakeholders.
Gyfrinachedd: Privacy:	Not Applicable.
Cydraddoldeb: Equality:	Not Applicable.