

**PWYLLGOR STRATEGAETH A CHYNLLUNIO  
STRATEGY AND PLANNING COMMITTEE**

<b>DYDDIAD Y CYFARFOD: DATE OF MEETING:</b>	28 August 2025
<b>TEITL YR ADRODDIAD: TITLE OF REPORT:</b>	Update on 2025/26 Annual Plan
<b>CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:</b>	Lee Davies, Executive Director of Strategy and Planning
<b>SWYDDOG ADRODD: REPORTING OFFICER:</b>	Shaun Ayres, Director of Delivery Daniel Warm, Head of Planning Angharad Lloyd-Probert, Senior Project Manager (Planning)

**Pwrpas yr Adroddiad (dewiswch fel yn addas)**

**Purpose of the Report (select as appropriate)**

Er Sicrwydd/For Assurance

**ADRODDIAD SCAA**

**SBAR REPORT**

**Sefyllfa / Situation**

This update on the 2025/26 Annual Plan is provided in the context of evolving accountability requirements from Welsh Government. Since the plan's submission in March 2025, three significant developments have reshaped the Health Board's delivery framework.

First, correspondence from Welsh Government, including the Health Board's accountability conditions letter (28 July 2025) confirms the Annual Plan remains "unacceptable and unsupported", requiring material improvements to the financial forecast, including achievement of the 2024/25 outturn position (£24m) rather than the submitted £31.5m deficit.

Second, the most recent de-escalation of the Health Board and revised de-escalation criteria (August 2025) have raised performance thresholds for domains at Enhanced Monitoring, with Cancer now requiring 63% Single Cancer Pathway compliance and new explicit Referral to Treatment targets for Planned Care.

Third, winter planning requirements issued in July 2025 establish three winter goals that must be integrated into our operational delivery, including preparation for 45-minute ambulance handover standards from October 2025.

The Committee needs to understand that these developments fundamentally alter the planning assumptions within the Annual Plan and create interdependencies that require careful oversight to prevent achievement in one domain compromising performance in another.

Finally, the paper provides an overview of progress with the 2026/27 Planning Process.

**Cefndir / Background**

**Annual Plan Submission and Statutory Context**

The Health Board submitted its 2025/26 Annual Plan in March 2025 with a deficit position of £31.5m, meeting the Target Control Total communicated at that time. As confirmed in the Director General's letter of 28 July 2025, submission of an annual plan rather than a balanced three-year Integrated Medium-Term Plan means the organisation has not delivered its statutory duty under Section 175(2A) of the National Health Service (Wales) Act 2006. This breach of statutory requirements continues to underpin our Targeted Intervention status.

The plan was developed through comprehensive engagement between October 2024 and March 2025, incorporating ten Planning Objectives designed to drive strategic improvements. However, Welsh Government's assessment identifies that whilst the plan aligns with our longer-term strategy "A Healthier Mid & West Wales" and demonstrates progress on the Clinical Services Plan, it carries risks requiring active management through quarterly accountability reporting.

### **Evolution of Requirements Post-Submission**

Following submission, Welsh Government correspondence in April and June 2025 indicated that the £31.5m position represented deterioration from the 2024/25 outturn. The subsequent accountability conditions letter establishes a new baseline requirement: delivery of at least the 2024/25 outturn of £24.1m, representing a £7.4m improvement from our submitted position. This shift from Target Control Total to previous year's outturn as the minimum acceptable position fundamentally changes our financial planning assumptions.

Additionally, the Chancellor's Budget introduced Employers' National Insurance Contribution increases with a £2m funding shortfall for the Health Board, necessitating a forecast revision to £30m instead of the proposed improvement to a £28m deficit. Consequently, the aspiration to achieve £24m now requires identification of £6m additional savings, with Quality Impact Assessments required for all schemes by 15 August 2025.

### **De-escalation Progress and Revised Criteria**

The March 2025 de-escalation of three domains from Targeted Intervention to Enhanced Monitoring represented significant progress. As anticipated, the July 2025 Escalation Framework confirms that Enhanced Monitoring brings stricter performance requirements with immediate scrutiny of any deviation. Notably, Child and Adolescent Mental Health Services has progressed further to Level 1 (Routine Oversight), demonstrating that sustained improvement can achieve full de-escalation.

The revised criteria establish increased thresholds. Cancer services must now achieve 63% Single Cancer Pathway compliance (increased from 60%) for three consecutive months. Planned Care faces new explicit targets including 100% compliance for patients waiting under 52 weeks and under 104 weeks, alongside 75% under 26 weeks and 80% under 36 weeks. These represent formal criteria where previously targets were less clearly defined, primarily focusing on 52/104-week measures.

### **Planning Objectives for 2025/26**

A key element of the Annual Plan remains our 10 Planning Objectives, four of which are aligned to this Committee. Work has been undertaken to develop 'Plans on a Page' – annex 1.

### **Planning Cycle for the development of the 2026/27 Plan**

Although early in the year, the development of the Planning Cycle for the development of the 2026/27 Plan has begun. This is in-part recognition of feedback received from Operational Teams and through the Medical Leadership Forum.

## Asesiad / Assessment

### **Accountability Conditions and Annual Plan Implications**

The accountability conditions establish twelve specific requirements that directly affect annual plan delivery. For the Strategy and Planning Committee, the most pertinent aspects relate to how these conditions necessitate integrated planning across domains. The requirement to deliver the 2024/25 outturn while maintaining performance in recently de-escalated areas creates planning tensions that this Committee must be aware of with whilst avoiding overlapping with the Finance and Performance Committee (FPC).

The change in financial expectations from £31.5m to achieving £24m represents more than a numerical adjustment; it requires fundamental reconsideration of service delivery models. Every savings scheme must undergo Quality Impact Assessment by 15 August 2025, with Board-level assurance required that statutory, quality, and safety standards are maintained. This creates a critical dependency between financial recovery and performance delivery that falls within both this Committee's and FPC remits as the planning assumptions in the annual plan will require changing and/or modification.

The requirement to develop a trajectory and roadmap to financial balance extends beyond 2025/26, necessitating alignment with the Strategic Refresh, Clinical Services Plan, Primary and Community Care Strategy, and estate planning - all within this Committee's purview. The three-year path to breakeven, with in-month balance required by March 2027 to secure £26m conditional funding, shapes the strategic context for our Planning Objectives as these should now serve as our building blocks to the realisation of an IMTP that delivers all aspects of the Health Board's statutory requirements and wider priorities.

The expectation is that the accountability conditions are monitored on a quarterly basis through the year.

As part of the on-going communication of the 2025/26 Plan, in collaboration with Communication colleagues both a public facing video, and a web page have been created which summarise the intentions of the Plan:

- Video: [https://youtu.be/q3F36ic32NY?si=vkvXLTWV8\\_G6mUz6](https://youtu.be/q3F36ic32NY?si=vkvXLTWV8_G6mUz6)
- Webpage: <https://hduhb.nhs.wales/annual-plan>

### **Winter Planning Integration**

Welsh Government's winter planning requirements, communicated through the "Planning Together for Winter" toolkit (July 2025), establish three winter goals that directly align with annual plan delivery. These goals - building community capacity, maximising hospital capacity, and optimising patient flow - align with a number of Planning Objectives including (Urgent and Emergency) Care, 7 (Primary and Community Strategic Plan) and 10 (Population Health). The requirement for regional integrated self-assessment by 12 September 2025 necessitates coordination through Regional Partnership Boards, adding complexity/considerations to our planning architecture.

Of particular relevance is the ambulance handover requirement. While not technically within the Targeted Intervention framework, Welsh Government has mandated achievement of 45-minute handovers from 1 October 2025, with progression to 15-minute targets anticipated. Current performance at Glangwili Hospital shows only 38.8% compliance with 45-minute standards (week ending 30 July 2025), compared to an all-Wales average of 58.4%. This operational challenge has strategic planning implications, as achieving the standard while delivering financial savings requires fundamental service changes rather than incremental improvement. It is worth noting that this requirement is significantly in excess of the Annual Plan ambitions and targets.

## **2026/27 Planning Cycle Development**

The development of the 2026/27 planning cycle has commenced earlier than previous years, responding to feedback from Clinical Teams and the Medical Leadership Forum about the importance of early engagement. The planning process operates within an exceptionally complex strategic environment shaped by multiple concurrent factors that the Committee must understand to provide appropriate oversight.

The strategic context includes the ongoing refresh of "A Healthier Mid and West Wales", structured around three phases of Discover, Design, and Deliver, with completion expected in early 2026. This refresh recognises that assumptions from the 2018 strategy have shifted, requiring fundamental reconsideration of our long-term vision. Parallel to this, the Clinical Services Plan advances options appraisal for nine acute and specialist pathways, requiring decisions about site configuration within severe capital constraints.

The Primary and Community Services Strategic Plan, acknowledging that 90% of NHS activity occurs outside hospitals, demands investment shift towards community settings at a time when acute pressures pull resources in the opposite direction. Regional working requirements through the Joint Committee with Swansea Bay add another dimension, with Welsh Government mandating demonstrable progress on five specific service areas as part of our de-escalation criteria.

The financial roadmap heavily shapes planning parameters, with the requirement to achieve breakeven by March 2027 whilst operating with a material underlying deficit. The planning process must align ambition with affordability, ensuring all proposals are deliverable within the available resource envelope. This is complicated by operational fragility across our Clinical Care Groups, with workforce challenges particularly in emergency medicine and radiology, and infrastructure limitations that constrain transformation options.

The Planning Maturity Matrix assessment highlights progress in operational domains but identifies ongoing challenges in fully articulating system-wide strategy and multi-year financial planning.

The convergence of these workstreams presents specific risks that require Committee awareness. Senior leaders, clinical leads, and planning teams are engaged across multiple programmes simultaneously, delivering immediate operational improvements for winter, implementing £6m savings with associated Quality Impact Assessments, developing strategic plans across three major programmes, and engaging in regional negotiations. This creates capacity challenges where the same individuals are required to oversee and drive multiple complex work programmes, risking either superficial engagement or fatigue.

The planning timeline has been structured to identify critical decision points where trade-offs between competing priorities will require Board consideration. The risk register has been

updated to capture service fragility risks, however, wider capacity constraints affecting strategic and operational programme delivery will require close monitoring. Especially given the complexity of managing interdependent workstreams, and the potential for regional requirements to influence local planning choices. The final plan for 2026/27 will need to articulate not just delivery intentions but also the organisational choices made to balance strategic progress with operational sustainability, providing transparency about resource allocation across competing priorities during this complex planning cycle.

## Planning Objectives

The Planning Objectives remain a key element of the Annual Plan for 2025/26, and as noted in the SPC update in June 2025, four of these are aligned to the Committee, namely:

Planning Objective	Executive Lead	Status
PO6: Clinical services plan	Director of Strategy and Planning	On Track
PO7: Primary and community strategic plan	Director of Primary Care, Community and Long-Term Care	On Track
PO8: Estates plan	Director of Strategy and Planning	On Track
PO10: Population health	Director of Public Health	On Track

Highlight reports for Planning Objectives 7 and 8 are provided in annex 3; whilst deep dives are on the Committees agenda for Planning Objectives 6 and 10.

The scope of the Planning Objectives are described through their respective Plans on a Page – Annexes

## Argymhelliad / Recommendation

The Committee is asked to:

- **NOTE** the update on the 2025/26 Annual Plan including the accountability conditions set out by Welsh Government
- **RECEIVE ASSURANCE** on the current position regarding the progress of the Planning Objective aligned to the Strategic and Planning Committee, in order to assure the Board that the Planning Objective is progressing and is on target, and to raise any concerns where a Planning Objectives is identified as behind in its status and/or not achieving against its key deliverables
- **DISCUSS** the development of the Planning Cycle and risks for the production of the 2026/27 Plan

## Amcanion: (rhaid cwblhau) Objectives: (must be completed)

Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	3.1.1 Receive assurance that the planning cycle is being taken forward and implemented in accordance with Health Board and Welsh Government requirements, guidance and timescales.  3.1.4. Receive assurance on delivery of the Health Board's Annual Plan through the scrutiny of regular monitoring reports.
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Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Not Applicable
Parthau Ansawdd: Domains of Quality <a href="#">Quality and Engagement Act (sharepoint.com)</a>	7. All apply
Galluogwyr Ansawdd: Enablers of Quality: <a href="#">Quality and Engagement Act (sharepoint.com)</a>	6. All Apply
Amcanion Strategol y BIP: UHB Strategic Objectives:	All Strategic Objectives are applicable
Amcanion Cynllunio Planning Objectives	6 Clinical services plan 7 Primary and community strategic plan 8 Estates plan 10 Population health
Amcanion Llesiant BIP: UHB Well-being Objectives: <a href="#">Hyperlink to HDdUHB Well-being Objectives Annual Report 2021-2022</a>	9. All HDdUHB Well-being Objectives apply

#### Gwybodaeth Ychwanegol: Further Information:

Ar sail tystiolaeth: Evidence Base:	Annual Plan 2025/26 Board May and July 2025
Rhestr Termiau: Glossary of Terms:	Not applicable
Partion / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Strategaeth a Chynllunio Parties / Committees consulted prior to Strategy and Planning Committee:	Board May and July 2025

#### Effaith: (rhaid cwblhau) Impact: (must be completed)

Ariannol / Gwerth am Arian: Financial / Service:	Any financial impacts and considerations are identified in the report
Ansawdd / Gofal Claf: Quality / Patient Care:	Any issues are identified in the report
Gweithlu: Workforce:	Any issues are identified in the report
Risg: Risk:	Consideration and focus on risk is inherent within the report. A sound system of internal control helps to ensure any risks are identified, assessed and managed.
Cyfreithiol: Legal:	Any issues are identified in the report
Enw Da: Reputational:	Any issues are identified in the report
Gyfrinachedd: Privacy:	Not applicable
Cydraddoldeb:	Not applicable

**Equality:**