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Targeted Intervention Update Sustainable Resources Committee

09:30 – 12:30, 17 December 2024



Context and Summary

Targeted Intervention (TI) Criteria: 3 criteria under review for Strategic Resources Committee (SRC):

- **TI Criteria 1:** Robust financial governance and controls.
- **TI Criteria 2:** Progress on the Targeted Intervention action plan.
- **TI Criteria 3:** Development of an annual plan with a financial improvement trajectory.

Current Status Summary

Alert: 1 criterion (TI Criteria 3).

Advise: 2 criteria (TI Criteria 1, TI Criteria 2).

Assure: 0 criteria.

Purpose of this Update

Provide oversight on progress and highlight key issues against the TI de-escalation criteria.

Support SRC's understanding of areas requiring attention to ensure delivery of financial sustainability goals for 2024-25, 2025-26 and beyond.

TI Criteria 1 – Robust Financial Governance and Controls



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Status: Advise

Key Issues

Positives

- Weekly Financial Control Sub-Group (FCSG) embedded to scrutinise recruitment, agency, and procurement activities.
- Strengthened reporting (day-one flash and day-five forecast updates), enhancing visibility and enabling timely interventions.
- Directorate escalation meetings focused on financial accountability.
- Budget Manager Control Framework implemented and signed off by the Value and Sustainability Group (V&SG).

Areas for Improvement

- Contract management processes require strengthening to improve oversight and reduce inefficiencies.
- Medical staffing controls are underdeveloped compared to established nurse staffing controls.
- Certain directorates face challenges meeting financial savings targets, requiring additional support.

Summary

- Progress - Strong governance and oversight measures are in place, supporting financial control improvements.
- Focus - Address gaps in contract management and medical staffing controls to ensure consistent application of financial governance measures

TI Criteria 2 – Progress on Targeted Intervention Action Plan



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Status: Advise

Key Issues

Positives:

- A clearer understanding of financial deficit drivers
- Refreshed compendium of variation identifies high-value opportunities for savings and efficiency.
- Collaborative approach with the NHS Executive strengthens oversight and progress tracking.

Areas for Improvement:

- Embedding operational changes consistently across directorates remains a challenge.
- Further acceptance and prioritisation of high-value opportunities is needed to maximise impact from the compendium.
- Alignment of actions with broader strategic goals (e.g., 2025-26 Annual Plan and Clinical Services Plan) is still evolving. There needs to be consistency between financial expectations vs probable delivery

Summary

Progress - A level of understanding and addressing financial challenges.

Focus - Sustained effort required to embed improvements and ensure alignment with organisational priorities.

TI Criteria 3 – Development of Annual Plan and Financial Improvement Trajectory



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Status: Alert

Key Issues

Positives:

- The financial improvement roadmap is currently under development and outlines key milestones, interventions, and accountabilities to achieve the control total. However, the roadmap is not yet finalised and will require endorsement from the Executive Team to ensure collective ownership and alignment. Endorsement is critical to supporting both the implementation and deliverability of the roadmap, ensuring it aligns with organisational priorities and maintains a unified direction of travel.
- Executive Team (ET) review scheduled for 27 November to review financial savings and ensure cohesive delivery.
- Integration of Clinical Services Plan (CSP) provides a foundation for aligning financial and operational priorities and realities.

Areas for Improvement:

- Delivering recurrent savings remains a significant challenge, with risks to achieving the control total without clear identification of sustainable cost-saving measures.
- Consistency between planned interventions and execution timelines needs strengthening to ensure deliverability.
- Strategic risks persist in balancing immediate operational demands with long-term financial goals.

Summary

Progress The roadmap is a critical development, providing structure for the financial improvement trajectory, but must be balanced against the strategic direction and operational delivery and buy-in.

Focus Ensure clarity on recurrent savings and robust execution of planned actions to achieve control total targets.



Key Actions and Next Steps

1. Finalise and Present the Financial Roadmap

- Present the roadmap to the Executive Team on 27 November to initiate socialisation and secure organisational alignment and consensus.
- Ensure the roadmap clearly links to the Health Board's strategic direction and provides a shared framework for collective agreement, ownership and delivery.

2. Continual Alignment

- Maintain alignment between the financial roadmap, Clinical Services Plan (CSP), and operational priorities to ensure consistency in delivery and direction.

3. Deliver Financial Recovery Actions

- Progress short-term financial recovery actions while embedding sustainable improvements to address key deficit drivers.

4. Make Savings Recurrent

- Focus efforts on converting non-recurrent savings into recurrent savings to reduce financial risks in 2025-26 and achieve long-term sustainability.

5. Monitor Progress and Oversight

- Continue to track progress through the Value and Sustainability Group and Strategic Resources Committee (SRC), ensuring clear accountability and visibility of outcomes.



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Criteria	Action	Reporting Group	Status	Executive Lead	Summary of Current Status	Lead Executive Response (if applicable)	Documented Plan and Dates for Delivery (Evidence)	Actions Outstanding	Evidence and Assurance	Risk
1	The health board must demonstrate that there are robust financial governance and robust financial control environment in place with risks minimised.	Value and Sustainability	Advise	Huw Thomas	<p>The Health Board has implemented robust financial governance measures and a strengthened financial control environment aimed at minimising risks. These include enhanced financial oversight arrangements such as directorate escalation meetings for areas experiencing overspend and the Financial Control Group (FCG), which provides comprehensive oversight on workforce and expenditure controls. Significant improvements have been noted, with a marked reduction in in-year expenditure putting the Health Board on track to meet the £64 million deficit target as outlined in our annual plan. Key interventions include:</p> <p>1. Directorate Escalation Meetings - Escalation meetings are now conducted across six domains, with finance being a core focus, allowing for better identification of financial pressures and ensuring necessary corrective actions are taken.</p> <p>2. Financial Control Sub Group (FCSG) - The FCSG convenes weekly to scrutinise all recruitment activities, including new posts, agency roles, and non-pay procurement activities for areas in escalation. This level of scrutiny helps in maintaining a tighter control on costs.</p> <p>3. Reporting and Oversight - Financial performance is closely monitored through day one flash reports, day five forecast positions, and monthly finance reports presented to the Board and the Strategic Resources Committee (SRC). The Value and Sustainability Group and the Integrated Quality, Finance, Performance, and Delivery (IQFPD) meetings provide additional executive oversight.</p> <p>4. Budget Control Framework - A comprehensive budget manager control framework has been issued and signed off by the Value and Sustainability Group, ensuring directorates are aware of the expectations.</p> <p>The Health Board has made notable progress towards financial recovery, as demonstrated by ongoing activities under the Targeted Intervention action plan. However, further clarity is needed regarding the approach to sustaining this progress and embedding these improvements across the organisation.</p>	<p>1. Escalation meetings are now in place across the six domains, with finance included as a core element.</p> <p>2. The Financial Control Sub Group meets on a weekly basis and scrutinises all recruitment activity for new roles or A&C roles; agency appointments and non-pay procurement activity across all areas in escalation.</p> <p>3. Finance reports are provided to ET based on: a. Day one flash reports b. Day 5 forecast</p>	<p>1. Escalation summaries are provided following each meeting to the TI Group.</p> <p>2. A monthly summary is provided each month of the activity in FCSG to the V&SG.</p> <p>3. Reports are part of the ET agenda packs.</p> <p>4. Agendas and minutes are available for IQFPD and V&SG.</p> <p>5. The control framework has been signed off by V&SG and is available.</p>	<p>1. Rostering and control arrangements for nurse staffing.</p> <p>2. Rollout of systems of control for medical staffing.</p> <p>3. Contract management arrangements need strengthening.</p>		1843
2	Substantial progress to be made in delivering the targeted intervention action plan including actions to improve the organisation's understanding of the existing deficit and key drivers and development and realisation of opportunities.	Value and Sustainability	Advise	Huw Thomas	<p>The development of the 2025-26 annual plan will be a crucial milestone, with two potential approaches: either enabling directorates to develop individual plans that align with organisational goals or adopting a thematic approach across multiple directorates to realise broader savings opportunities. The Clinical Services Plan (CSP) must be aligned closely with the 2025-26 plan to maintain consistent focus across financial, operational, and clinical areas. This alignment is not only essential for ongoing improvements but also necessary as part of preparations for key upcoming engagements, including the Welsh Government Targeted Intervention meeting in January.</p> <p>To further support these efforts, a refreshed overview of the compendium of variation is needed to establish a shared understanding of existing opportunities for improvement. This compendium serves as a critical guide for identifying high-value opportunities across the organisation, thereby informing both short-term actions and strategic planning activities. The planning activities for 2025/26 are already underway, and they leverage insights from the compendium to identify areas with significant potential for value-driven changes.</p>	<p>No further comment at this stage. Planning activity for 2025/26 is underway which is taking the learning from the compendium of variation to determine areas of greater value opportunity to drive next year's plan.</p>	<p>Delivery is being monitored through ongoing dialogue between Finance and the NHS Exec FP&D Team.</p>	<p>Further action on embedding the improvements needed in performance based on operational changes.</p>		1843
3	Annual plan developed with board approval demonstrating a substantial financial improvement trajectory to deliver as a minimum the target control total.	Value and Sustainability	Alert	Huw Thomas	<p>The Health Board remains on track to achieve the £64 million deficit target for this financial year. However, significant challenges remain in achieving the target control total of £44.8 million for the next financial year, as the route to reach this control total has not yet been definitively established. The progress made thus far reflects considerable effort across multiple levels of the organisation, but further coordinated actions are required to ensure financial sustainability and a successful transition into the 2025-26 financial year.</p> <p>This ongoing work is closely tied to both the development of the 2025-26 annual plan and the alignment of the Clinical Services Plan (CSP) with broader financial objectives. Ensuring these strategic elements are interconnected is key to building a cohesive financial improvement trajectory. A clear and detailed route map has been prepared to guide this financial recovery effort, which will be presented to the Executive Team (ET) on 27 November. This route map aims to provide a transparent and structured plan that delineates the steps required to achieve the control total, detailing key interventions, milestones, and accountabilities.</p> <p>The ET meeting on 27 November will serve as a critical platform to finalise this route map, aligning it with both immediate operational needs and longer-term strategic priorities. The route map will also be supported by ongoing dialogues between the Finance Department and the NHS Executive, focusing on ensuring that all elements of the plan are cohesive, realistic, and achievable within the set timelines.</p>	<p>A routemap and plan for the approach to financial recovery has been prepared and will be presented to ET on 27 November.</p>	<p>ET meeting on 27 November.</p>			1843