

**PWYLLGOR ADNODDAU CYNALIADWY  
SUSTAINABLE RESOURCES COMMITTEE**

<b>DYDDIAD Y CYFARFOD: DATE OF MEETING:</b>	17 December 2024
<b>TEITL YR ADRODDIAD: TITLE OF REPORT:</b>	Savings and Opportunities Report
<b>CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:</b>	Huw Thomas, Director of Finance
<b>SWYDDOG ADRODD: REPORTING OFFICER:</b>	Sian 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**

Status report on the savings position in respect of the annual planning cycle for 2025/26. The report included as an appendix to this paper provides an overview of the opportunities framed as part of the Directorate Annual Plan submissions at the end of November and considers next steps.

**Cefndir / Background**

One of the key principles of the financial plan is the requirement to deliver significant savings to improve the financial trajectory of the organisation. In 2024/25 the Health Board's Annual Plan has been to deliver a year end deficit of £64m, with the aim of meeting the Welsh Government (WG) have framed a Target Control Total (TCT) of £44.8m deficit in 2025/26.

Following the receipt of additional funding from Welsh Government, the revised TCT for the current financial year is £31.5m, with a requirement to achieve breakeven over the coming three-year planning period.

Given the scale of the challenge to achieve a trajectory to breakeven, significant savings delivery is required.

**Asesiad / Assessment**

**Alert**

There is a lack of confidence that any action in place is sufficient to address the issue satisfactorily and/or within the scope of the operational team or executive to resolve. Engagement, action or intervention required.

The 2025/26 financial planning principles frame a saving target to support the financial improvement required. Directorate savings targets are to deliver the remaining recurrent savings aspirations set in 2024/25, derived from a 5% reduction of non-ring fenced budgets,

plus an additional 1.5% recurrent reduction of non-ring fenced budgets, so a total of 6.5% across 2024/25 and 2025/26.

The Executive Team made a commitment to identify £20.0m of recurrent savings by December 2024 to enable the financial plan. 50% of the remaining target to be identified by 19 February 2025, and 100% of the remaining target by 20 March 2025.

As part of the first Annual Plan submission from operational Directorates on 29 November 2024, an assessment of savings for 2025/26 was requested. These initial submissions have been reviewed and are summarised in the appendix.

Savings are provided a Red, Amber, Green status, with ideas logged as 'Blue' schemes. The current summary is:

- Total of schemes submitted £10.1m.
- Two Green schemes totalling £0.5m.
- The majority of schemes put forward are Red and Blue.
- There is a considerable way to go in order to deliver the initial target of £20.0m in December.

Next steps within the Annual Plan process, to facilitate updates in respect of savings, are framed in the report captured in the appendix. Beyond the initial submission, second and third Annual Plan submissions are scheduled for December 2024 and January 2025.

### Argymhelliad / Recommendation

The Committee is asked to:

- **RECOGNISE** that the scale of savings framed within the Health Board's financial plan approach for 2025/26; 6.5% of non-ring-fenced budgets across 2024/25 and 2025/26.
- **ACKNOWLEDGE** that the scale of savings put forward to date of £10.1m falls short of the target.
- **SCRUTINISE** the level of savings put forward at a Directorate level in the first Annual Plan submission.
- **SEEK ASSURANCE** that Executive leads are generating schemes to develop into robust recurring savings plans by December 2024 for the £20.0m commitment made during September 2024 in Executive Team meeting.
- **RECOGNISE** next steps outlined in the report aimed at progressing this agenda.

### Amcanion: (rhaid cwblhau)

### Objectives: (must be completed)

Committee ToR Reference:  
Cyfeirnod Cylch Gorchwyl y Pwyllgor:

- 3.1 Undertake detailed scrutiny of the organisation's overall:
- Monthly, quarterly and year-to-date financial performance;

	<ul style="list-style-type: none"> <li>• Performance against the Savings Delivery and the Cost Improvement Programme providing assurance on performance against the Capital Resource Limit and cash flow forecasts.</li> </ul>
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	1843 (score 20) Risk of the Health Board not being able to meet the statutory requirement of breaking even in 2024/25 due to significant deficit position
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	All Planning Objectives Apply
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

<b>Gwybodaeth Ychwanegol: Further Information:</b>	
Ar sail tystiolaeth: Evidence Base:	Operational Directorate Annual Plan submissions 28 November 2024.
Rhestr Termiau: Glossary of Terms:	FYE – Full Year Effect WG – Welsh Government
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Adnoddau Cynaliadwy: Parties / Committees consulted prior to Sustainable Resources Committee:	Finance Team Management Team Executive Team

<b>Effaith: (rhaid cwblhau) Impact: (must be completed)</b>	
<b>Ariannol / Gwerth am Arian: Financial / Service:</b>	Financial implications are inherent within the report.

<b>Ansawdd / Gofal Claf: Quality / Patient Care:</b>	The impact on patient care is assessed within the savings schemes.
<b>Gweithlu: Workforce:</b>	The report considers the financial implications of our workforce.
<b>Risg: Risk:</b>	Financial risks are detailed in the report.
<b>Cyfreithiol: Legal:</b>	HDdUHB 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.
<b>Enw Da: Reputational:</b>	Adverse variance against HDdUHB's financial plan will affect its reputation with Welsh Government, Audit Wales, and with external stakeholders.
<b>Gyfrinachedd: Privacy:</b>	Not Applicable.
<b>Cydraddoldeb: Equality:</b>	Not Applicable.



GIG  
CYMRU  
NHS  
WALES

Bwrdd Iechyd Prifysgol  
Hywel Dda  
University Health Board

# 2025/26 Financial Plan

## First Draft Update: Savings

December 2024

### Sustainable Resources Committee



# Progress to date

- **Planning Principle Savings:** Directorate savings targets will be the remaining recurrent savings aspirations set for the two-year period this year and next – derived from a 5% reduction of non-ring fenced budgets – plus an additional 1.5% recurrent reduction of non-ring fenced budgets, so a total of 6.5% across 2024/25 and 2025/26.
- **First Annual Plan submission** deadline 29/11/2024, returns have been reviewed to inform an assessment of savings identified.
- **First submission; 59 schemes put forward**, predominantly Blue and Red, 34 identified as cash releasing savings and quantified. Noting the number of schemes yet to be quantified and the level of Blue and Red schemes, this correlates with the fact that we are in the Discovery stage and this is very much the first draft of opportunities. Two Green schemes included, linked to International Nurse recruitment totalling £0.45m.

Saving Estimate	Volume	Saving Themes
> £1m	3	Service configuration and workforce stabilisation
£0.5m - £1m	2	Service configuration
£0.1m - £0.5m	13	Service configuration, workforce stabilisation, workforce efficiencies, drug efficiencies, accommodation & estate and other non-pay efficiencies
< £0.1m	16	Service configuration, workforce stabilisation, workforce efficiencies, drug efficiencies, accommodation & estate and other non-pay efficiencies

# Annual Plan First Submission: Opportunities framed

Following submission of Annual Plans on November 29<sup>th</sup> summary of opportunities submitted below:

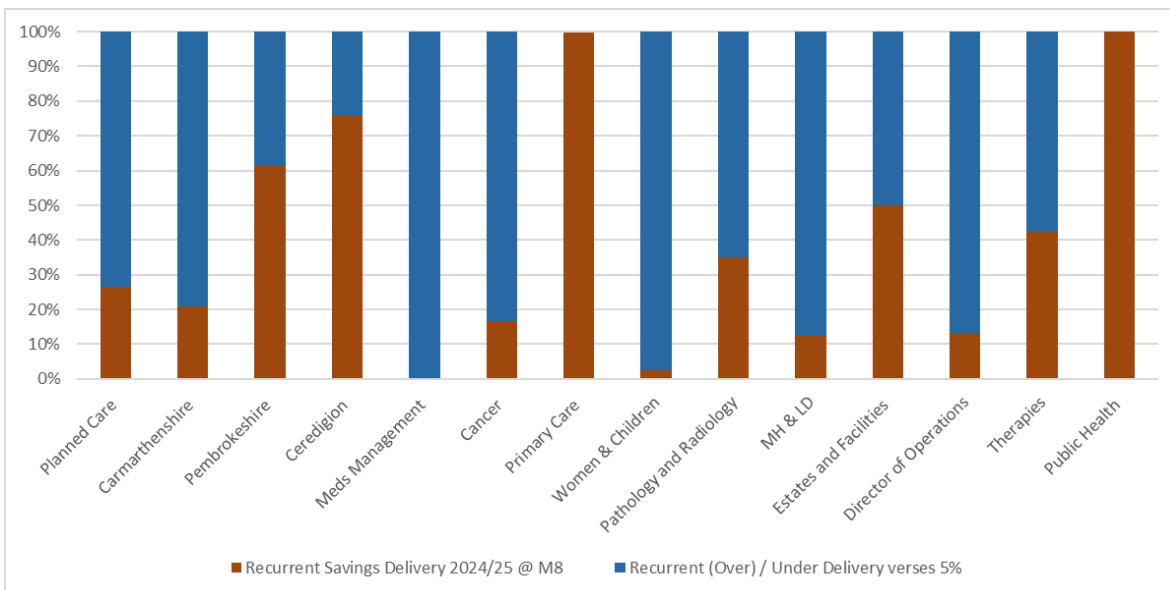
Service Area (£'000)	2024/25 Annual Budget (Non-Ring Fenced)	Recurrent (Over) / Under Delivery verses 5%	Additional 1.5% of Non-Ring Fenced Budget Adjusted for 2024/25 Delivery	Total Saving Target for 2025/26	First Draft Plan Submissions for 2025/26	Gap / (Surplus) from Total Savings Target	%age Saving Target Remaining for 2025/26
Planned Care	124,392	4,573	1,841	6,414	2,711	3,703	5.2%
Carmarthenshire	130,287	5,163	1,934	7,097	3,488	3,609	5.5%
Pembrokeshire	67,522	1,248	983	2,231	1,290	941	3.4%
Ceredigion	46,368	553	669	1,222	1,700		2.7%
Meds Management	95,805	4,790	1,437	6,227	0	6,227	6.5%
Cancer	30,178	1,259	449	1,708	199	1,509	5.7%
Primary Care	11,224	(1)	160	159	0	159	1.5%
Women & Children	56,069	2,732	840	3,572	443	3,129	6.4%
Pathology and Radiology	51,725	1,680	762	2,443	241	2,202	4.8%
MH & LD	103,410	4,537	1,542	6,079	0	6,079	5.9%
Estates and Facilities	49,366	1,233	722	1,955	0	1,955	4.1%
Director of Operations	12,734	555	190	744	0	744	5.9%
Therapies	28,288	814	415	1,230	0	1,230	4.4%
Public Health	6,576	(0)	94	94	0	94	1.5%
Corporate	116,078	1,045	1,670	2,715	0	2,715	2.4%
Health Board Wide	(36,275)	(286)	576	289	0	289	0.8%
	<b>930,023</b>	<b>29,897</b>	<b>14,283</b>	<b>44,180</b>	<b>10,072</b>	<b>34,585</b>	<b>4.8%</b>

N.B. Saving targets are indicative at this stage, they may be refined further to align with the savings requirement as the financial plan develops. Similarly any additional recurrent savings from Directorates will reduce the savings challenge carried forward and the savings gap for 2025/26.

Annual Plan submissions are service focused, therefore no submissions for Corporate Directorates. Savings detail is being captured separately for inclusion in subsequent updates.

# Recurrent Savings Outlook

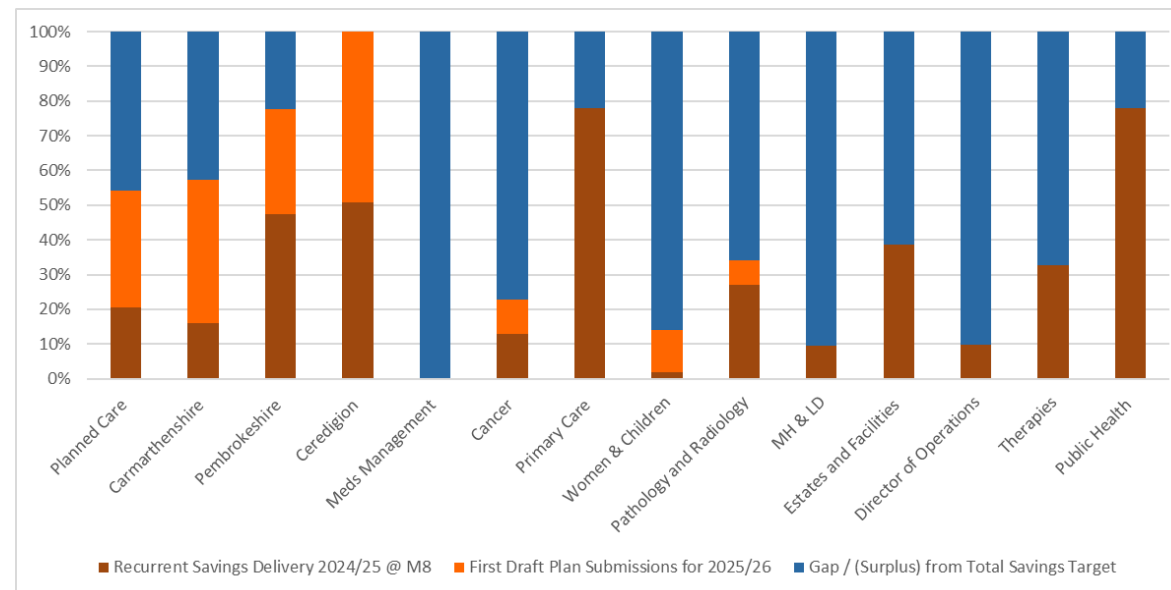
## 2024/25 Recurrent Savings Delivery Against 5%



Variable progress across Directorates in respect of recurrent savings against the 5% target through 2024/25.

The balance against the 5% recurrent target carrying forward into 2025/26 is currently £29.9m.

## 2025/26 Saving Opportunities Against potential 6.5%



To date one area, the Ceredigion system, have framed savings to meet their total challenge in 2025/26. Multiple areas have yet to frame new savings ahead of 2025/26.

Evident that there is some way to go in identifying opportunities and developing saving plans for the majority of Directorates as we move towards 2025/26.

## Next steps

Following submission of Annual Plans on November 29<sup>th</sup> and subsequent review, next steps outlined below:

Next Steps	Timeline
Feedback communication to Directorates following Annual Plan submissions, including specific prompts in respect of finance.	06/12/24
Planning Workshop 3: Directorate feedback following Annual Plan submissions, including specific feedback re. savings. Workshop focus on coordination and cross-fertilisation of plans between Directorates.	09/12/2024
Directorate conversations being held through remaining cycle of DITs sessions with Executive Directors in December.	December 2024, various dates
Live capture of saving scheme updates via Finance template through December and into the new year.	Ongoing
➤ Second Annual Plan submission deadline	20/12/2024
➤ Third/Final Annual Plan submission deadline	24/01/2025
Directorate meetings to follow up progress in respect of the Annual Plan and savings.	January 2025, dates TBC