



GIG
CYMRU
NHS
WALES

Bwrdd Iechyd Prifysgol
Hywel Dda
University Health Board



Targeted Intervention Update

Shaun Ayres

Sustainable Resources Committee - 09:30 – 12:30, 25 February 2025



Introduction

This report provides the Sustainable Resources Committee (SRC) with an updated overview of the Health Board's position against Targeted Intervention (TI) Criteria 1, 2, and 3. These criteria collectively focus on robust financial governance and control (Criterion 1), the delivery of the Targeted Intervention Action Plan (Criterion 2), and the development of a substantial financial improvement trajectory to deliver the target control total (Criterion 3).

What Has Changed Since the Last Update

Since the previous report, the Health Board has benefited from a specific Welsh government allocation of £32.5m, which restated the annual deficit plan to £31.5m. Early indications suggested a forecast outturn of £28m, but targeted actions to stabilise workforce costs, reduce agency usage, and other non-recurrent underspends have led to a further improvement, bringing the expected year-end deficit closer to circa £24m. Additionally, planning for 2025-26 has advanced, with £17m of the required £20m in new savings already identified. These developments reflect both the Health Board's improving financial grip and control, and its growing ability to align operational and workforce initiatives with the needs of future financial years.

TI Criteria 1 – Robust Financial Governance and Controls



GIG
CYMRU
NHS
WALES

Bwrdd Iechyd Prifysgol
Hywel Dda
University Health Board

Criterion 1

The Health Board must demonstrate that there is a robust financial governance and control environment in place, with risks minimised

Action/Reporting Group: Value & Sustainability

Committee: Sustainable Resources Committee (SRC)

Status: Advise

Executive Lead: Huw Thomas

The Health Board continues to operate within a strengthened financial control environment. Rigorous oversight arrangements—such as directorate escalation meetings, the Financial Control Sub Group (FCSG), and targeted scrutiny on high-cost staffing have reduced in-year overspends and improved the focus on cost avoidance. In particular, nurse agency spending has been curtailed significantly through international recruitment and enhanced rostering systems and wider slippage against budgets contributing to a marked improvement in the year-end forecast, now circa £24m.

Despite this progress, reliance on non-recurrent underspends could expose the Health Board to a higher underlying deficit going into 2025-26 unless these short-term gains are converted into recurrent savings. Contract management and medical staffing controls also require further tightening to replicate the positive results seen in nurse agency management. These priorities form part of the Value & Sustainability Group's ongoing work programme and will be supported by the next phase of 2025-26 operational and financial planning.

Evidence and Assurance is derived from daily flash reporting (Day 1 and 5 Reviews), weekly reviews by the FCSG, and monthly financial updates to both the Executive Team and the SRC, thereby demonstrating that financial governance risks are being identified, mitigated, and escalated appropriately.

TI Criteria 2 – Progress on Targeted Intervention Action Plan



GIG
CYMRU
NHS
WALES

Bwrdd Iechyd Prifysgol
Hywel Dda
University Health Board

Criterion 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 the development and realisation of opportunities

Action/Reporting Group: Value & Sustainability

Committee: Sustainable Resources Committee (SRC)

Status: Advise

Executive Lead: Huw Thomas

The Health Board has further advanced its Targeted Intervention action plan, reducing the forecast in-year deficit from £28m to around £24m. This shift reflects in part the robust escalation framework, effective cost containment, and the proactive adoption of thematic savings schemes. High-impact interventions such as the Nurse Stabilisation Programme have not only yielded immediate in-year benefits but have also set a precedent for more strategic workforce planning.

Focus has now turned to transitioning non-recurrent underspends into longer-term, sustainable savings. Planning for 2025-26 provides evidence of this pivot, with £17m of the £20m required savings already identified. Although statutory break-even under the NHS Wales Acts of 2006 and NHS Finance (Wales) Act 2014 is unlikely this year, the Health Board's improving financial run rate and deeper understanding of cost drivers indicate that it is better placed to bridge remaining gaps. Active dialogue with Welsh Government and the NHS Executive's Finance, Performance, and Delivery Team continues to ensure external scrutiny and alignment with national expectations.

Evidence and Assurance is provided through directorate escalation reviews and outputs, run-rate trend analyses, and monthly oversight by the Executive Team, Value & Sustainability Group and the IQFPD. The Sustainable Resources Committee remains integral to monitoring how well these recovery actions translate into tangible financial performance.

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



GIG
CYMRU
NHS
WALES

Bwrdd Iechyd Prifysgol
Hywel Dda
University Health Board

Criterion 3

Annual plan developed with Board approval demonstrating a substantial financial improvement trajectory to deliver, as a minimum, the target control total

Action/Reporting Group: Value & Sustainability

Committee: Sustainable Resources Committee (SRC)

Status: Advise (previously Alert)

Executive Lead: Huw Thomas

The Health Board has moved this criterion from Alert to Advise in recognition of its demonstrable progress toward achieving financial recovery targets. Having restated the annual plan to a £31.5m deficit following an additional allocation, the Health Board subsequently improved its forecast further to approximately £24m. This reflects more disciplined grip-and-control, budgetary underspends via the identification of non-recurrent savings, and focused interventions across workforce and operational areas.

For 2025-26, a savings requirement of £20m has been established, with £17m already provisionally identified, signalling that the Health Board is proactively developing forward-looking schemes. The Board's ability to convert these identified opportunities into implemented, recurring benefits will be critical in preventing any erosion of progress, and in ultimately positioning the Board to move from Advise to Assure. Evidence of sustained run-rate stability and real-time delivery against savings is therefore essential.

Evidence and Assurance is maintained via monthly finance reports to the SRC, weekly reviews by the FCSG, and continuous Executive Team monitoring. The route map for financial recovery, alongside the developing operational plans for 2025-26, forms the framework within which these strategies/annual plans will be tested and refined.

Conclusion, Key Takeaways and Recommendations



GIG
CYMRU
NHS
WALES

Bwrdd Iechyd Prifysgol
Hywel Dda
University Health Board

Conclusion

The Health Board's financial outlook has improved since the last update due to an additional health support allocation, accelerated containment of variable pay costs, and Directorate underspends/non-recurrent savings. These factors have collectively supported a reduction in the forecast year-end deficit, now expected to be around £24m, down from £28m in the previous report. The identification (for the avoidance of doubt, these are not Green and Amber yet, please see finance report) of £17m of the £20m required savings for 2025-26 also demonstrates improved forward planning and operational alignment.

Further progress will hinge on converting non-recurrent savings into sustainable recurrent measures and finalising the remaining £3m gap for next year's plan. In the meantime, the current status of Criteria 1, 2, and 3 as Advise reflects the Health Board's measurable gains in financial governance, cost savings, and financial planning, albeit with continued oversight and focus needed to ensure delivery and preserve momentum into 2025-26. The Sustainable Resources Committee is invited to note these developments and endorse the direction of travel while recognising that ongoing scrutiny will remain essential.



DIOGEL | CYNALIADWY | HYGYRCH | CAREDIG
SAFE | SUSTAINABLE | ACCESSIBLE | KIND



GIG
CYMRU
NHS
WALES

Bwrdd Iechyd Prifysgol
Hywel Dda
University Health Board

Criteria	Action	Reporting Group	Committee	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	SRC	Advise	Huw Thomas	<p>The Health Board continues to maintain a strengthened financial control environment, underpinned by robust oversight mechanisms such as directorate escalation meetings, the Financial Control Sub Group (FCSG), and targeted recruitment controls. These measures have reinforced financial discipline, evidenced by a trajectory of reduced overspend across several directorates and a current-year deficit forecast of circa £24.0m, against the restated £31.5m target control total.</p> <p>Significant progress in reducing reliance on high-cost nurse agency has been achieved by way of international recruitment initiatives and improved rostering. Through the Value & Sustainability Group and Integrated Quality, Finance, Performance, and Delivery (IQFPD) forums, further opportunities to reduce expenditure have been identified, bolstering the Health Board's capacity to deliver on financial commitments.</p> <p>Despite the overall positive momentum, the Health Board remains conscious of two main risks. First, underspend conversions are largely non-recurrent, which may weigh on the underlying deficit in future years if not supplanted by sustainable, recurrent savings. Second, contract management and medical staffing controls still require further development to match the rigour applied to nurse staffing. Both areas form part of the ongoing improvement plan for 2024-25 and are central to the 2025-26 planning round.</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:</p> <ul style="list-style-type: none"> a. Day one flash reports b. Day 5 forecast positions, and c. Monthly finance reports to Board/SRC <p>4. The Value and Sustainability Group and IQFPD meetings provides Executive oversight.</p> <p>5. A budget manager control framework has been issued to Directorates.</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	SRC	Advise	Huw Thomas	<p>The Health Board is on course to deliver a substantially improved in-year financial position, reducing its initial forecast deficit from £28.0m to circa £24.0m. This improvement owes much to the Targeted Intervention action plan, which has catalysed tighter oversight, more coordinated directorate planning, and the conversion of significant non-recurrent opportunities into tangible cost reductions.</p> <p>Progress in nurse staffing particularly around international recruitment and agency usage—continues to be a notable success, serving as a model for other workforce streams. Alongside these measures, the Health Board's compendium of variation and thematic savings programme have aided in pinpointing high-impact interventions, allowing resources to be redirected more effectively.</p> <p>Looking ahead, the focus remains on embedding learning from non-recurrent savings into longer-term, sustainable changes. Early work on the 2025-26 plan indicates that approximately £17.0m of the required £20.0m in further savings has already been identified, suggesting growing traction in bridging the shortfall. The Health Board's leadership acknowledges, however, that meeting statutory break-even requirements under NHS Wales legislation may remain challenging, underscoring the importance of continuous engagement with the Welsh Government and the NHS Executive's Finance, Performance, and Delivery Team.</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.	Delivery is being monitored through ongoing dialogue between Finance and the NHS Exec FP&D Team.	Further action on embedding the improvements needed in performance based on operational changes.	Directorate escalation reports, monthly run-rate data, and updates on the compendium of variation feed into the Value & Sustainability Group and IQFPD. These bodies, alongside the Sustainable Resources Committee, provide structured oversight of both the in-year recovery plan and pipeline schemes for the next financial year. External validation also continues through ongoing dialogues with the NHS Executive.	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	SRC	Advise	Huw Thomas	<p>The Health Board has stepped this criterion down from Alert to Advise in recognition of material improvements in the 2024-25 financial trajectory and the early identification of savings for 2025-26. The Health Board's projected outturn for 2024-25 is circa £24m; significantly below the restated control total of £31.5m—and forward planning has already identified £17m of the £20m new savings required for the next financial year. These developments underscore the effectiveness of strengthened financial controls, rigorous oversight from the Financial Control Sub Group (FCSG), and targeted workforce initiatives (particularly in nursing).</p> <p>While the Health Board still faces challenges in meeting the statutory break-even requirements detailed in both the NHS (Wales) Act 2006 (the overarching legislation) and the NHS Finance (Wales) Act 2014 (which introduced a three-year rolling financial duty for Health Boards), the progress achieved thus far indicates a far more robust governance framework and financial management process than in previous reporting periods.</p> <p>The drive to reduce variable pay costs, coupled with the conversion of underspends into short-term savings, has improved the in-year deficit beyond earlier estimates. Governance processes including monthly finance reports to SRC and weekly FCSG scrutiny—have helped maintain momentum without a detrimental impact on overall service quality. The introduction of a "route map" for financial recovery, supported by the Value & Sustainability Group and Executive Team, ensures that financial interventions are systematically tracked, enabling the organisation to refine its approach as circumstances evolve.</p> <p>Notwithstanding these achievements, there are indications that certain key services could face operational risks if non-recurrent underspends continue to mask genuine funding needs. A specific example involves diagnostic capacity, where temporary funding deferrals contributed to constraints that risk compromising service performance if not addressed in a timely manner. More broadly, relying heavily on non-recurrent savings could exacerbate the underlying deficit over the long term, as the Health Board may need to reinvest in core areas currently contributing to the short-term savings position. This awareness is shaping the Board's approach to the 2025-26 plan, highlighting the importance of converting opportunistic or non-recurrent underspends into lasting, recurrent benefits.</p>		Board Seminar 20th February 2025 Final Annual Plan Submission		Monthly finance reports submitted to the SRC, supplemented by weekly FCSG reviews of emerging pressures and savings schemes, confirm consistency in the Health Board's improving run-rate. Directorate escalation summaries further support the conclusion that operational teams are integrating financial targets with clinical and workforce planning. In addition, the Health Board's compendium of variation has helped identify opportunities with the highest potential return, aligning them more closely with the overall financial strategy.	1843