



CYFARFOD BWRDD PRIFYSGOL IECHYD UNIVERSITY HEALTH BOARD MEETING

DYDDIAD Y CYFARFOD: DATE OF MEETING:	28 May 2026
TEITL YR ADRODDIAD: TITLE OF REPORT:	Annual Plan 2026/27
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Lee Davies, Executive Director of Strategy and Planning Huw Thomas, Executive Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Shaun Ayres, Director of Delivery Keith Jones, Director of Operational Planning and Performance Sian Jenkins, Deputy Director of Finance Andrew Spratt, 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

This report responds to the actions set by the Board on 26 March 2026, when the Executive Team was tasked with de-risking the 2026/27 Annual Plan and identifying value and productivity opportunities to improve the planned financial position. It sets out where that work has reached, what can be relied upon at this stage, what still needs to mature, and where Board direction is required.

The report is presented as a working position, rather than as a fully prioritised programme for approval. It describes the considerations currently being developed across Executive portfolios, the financial structure where considerations sit, and the route by which they will be matured into a costed and evidenced programme.

The current Month 1 position is consistent with the alerts issued in April 2026 to the Finance and Performance Committee and to the Executive Team. The current trajectory does not yet achieve the Annual Plan, and acceleration is required in both savings delivery and run-rate mitigations.

Cefndir / Background

The Health Board is required, annually, to submit an Integrated Medium Term Plan (IMTP) that achieves financial balance across a three-year period. Since the Health Board's inception in 2009 it has not been able to submit an IMTP, due to the significant financial deficit it has presided over.

The Board, at its meeting on 26 March 2026, endorsed the onward submission of the Annual Plan to Welsh Government (WG). The Plan included a Three-Year Financial Plan, with a financial deficit of £41.0m for 2026/27. The Board recognised that the financial plan did not deliver against the statutory requirement to break-even over a three year period, with the

planned financial outturn being higher than the target control total (TCT) set by WG, which is a deficit of £22.1m.

The WG expectation is that the Health Board should plan to deliver, as a minimum, the 2025/26 financial outturn of £22.1m, whilst delivering against the Planning Framework and the de-escalation criteria. Ongoing dialogue continues with an expectation that the Health Board further improves its financial forecast beyond the plan deficit and improves upon its performance trajectories.

A requirement associated with an additional allocation of £26.0m, received in 2024/25, was that the Health Board would demonstrate an improving financial trajectory, achieving a breakeven position by the 2027/28 financial year.

This report needs to be read in that context. The 2026/27 deficit of £41.0m is not only an in-year challenge, but represents a key test of our organisational capability to convert opportunities into recurrent improvements and to demonstrate the trajectory that Welsh Government has been clear it expects. The actions set by the Board in March 2026 reflect those expectations directly. This included requiring the Executive Team to show how the deficit could be reduced, how value and productivity opportunities could be brought forward, and how the Health Board would know whether its planned delivery is materially shifting the system or simply maintaining it.

Asesiad / Assessment

Executive Summary

The Board approved submission of a 2026/27 Annual Plan with a planned deficit of £41.0m. That remains the deliverable in-year target.

Limited progress has been made to de-risk delivery since plan submission. The Health Board has identified a material pipeline of savings, mitigations and further opportunities, but too much of that pipeline remains Red, Blue or otherwise dependent on further evidence, decision-making, Quality Impact Assessment and delivery ownership.

Further work is required to provide assurance over delivery, which the Finance and Performance Committee will scrutinise in June 2026, before the Board meeting in July.

Structure and Purpose of this Report

The report separates the 2026/27 deliverable position from the further route to breakeven and asks the Board to approve/consider the action plans required to convert the current pipeline into owned delivery.

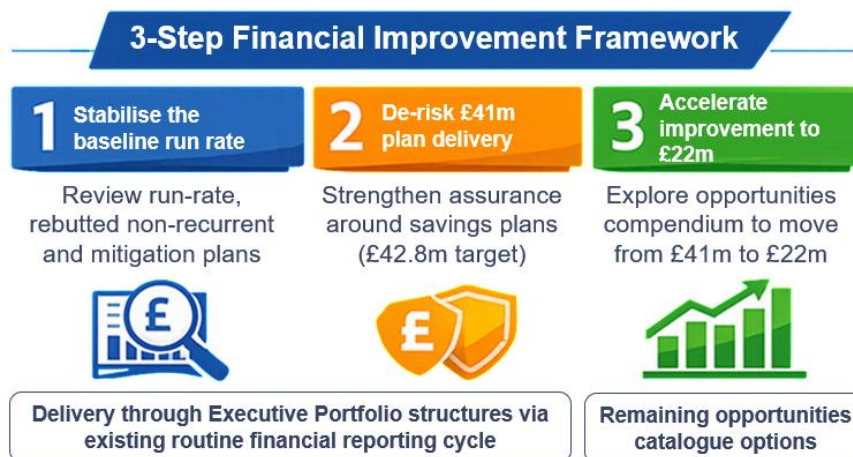
Any proposal that changes access, quality, workforce, estates, partnership arrangements or the operating model of a service must return through the relevant governance route before implementation.

The work is organised around three financial categories. Savings schemes are planned efficiencies tracked through the formal delivery process. Run-rate mitigations are interventions intended to reduce forecast expenditure or cost pressure. Further opportunities are additional choices that may contribute to the current year or the recurrent position, subject to evidence, phasing and governance.

3-Step Financial Improvement Framework

A 3-step approach has previously been shared, which would provide the structure to articulate the actions, options and decisions required to ensure the financial position is improved. The Health Board adopted a structured approach comprising:

- Step 1 – Stabilise and sustain the financial baseline
- Step 2 – De-risk delivery of the savings plan
- Step 3 – Accelerate further financial improvement



The Month 1 position has remained consistent with the forecasting that had been shared through the recent updates to Finance and Performance Committee and into the Executive Team during April 2026. Actions, at pace, were highlighted as required to ensure overspends are mitigated and savings delivered, with the current trajectory set to not achieve the annual plan.

Financial Baseline

The baseline assessment assumes current financial performance continues with only certain changes forecast. This, in some areas, will invariably change as the year progresses and service plans convert to delivery. There is likely to be an increase in Dental and Cluster expenditure for example, depending on the outcome of tenders and priorities. Services have the delegated freedom to execute the plans they have committed to in the annual plan, and these will change the baseline position when certainty is afforded, via the monthly forecasting cycle. The key focus is to close the savings gap and reduce unplanned overspends, with delegated authority to spend up to budget still afforded to budget holders, should they deliver their savings requirement.

Savings, Mitigating Actions and Further Opportunities

The financial improvement approach distinguishes between:

- Savings schemes – delivering planned efficiencies
- Mitigating actions – reducing underlying overspend run-rates
- Further opportunities – additional improvement potential beyond committed savings and mitigations
- Opportunities compendium and value opportunities – extensive comprehensive lists of evidenced opportunities from a range of publications and sources

Current analysis indicates:

- Savings schemes provide a significant component of plan delivery, albeit with delivery risk requiring ongoing management.
- Mitigating actions represent a substantial opportunity to reduce the run-rate deficit and strengthen the financial position.
- Further opportunities have been identified, with both in-year and full-year potential, providing a clear trajectory for improvement beyond plan should decisions be taken to accelerate delivery.

Position by Clinical Care Group and Executive Function

The residual gap is concentrated in the areas where delivery is most dependent on workforce, service model and operational grip. The shape of the position, by area, is set out below.

Community and Integrated Medicine

Residual gap £11.5m, underlying deficit £8.5m. The current savings schedule includes one-off drug reviews, delayed investment and pay reviews. The longer-term value is likely to sit in pathway, site-model and bed-base changes. These are configuration decisions, and would require formal service-change governance. It should be noted that, at this stage, the Health Board has not assessed the options for alternative service models.

Operational Allied Health and Health Sciences

Underlying deficit £6.2m. Delivery depends heavily on the workforce position in fragile Pathology and Radiology services, and on decisions about unfunded provision. The consequences sit in the cancer pathway, diagnostic turnaround and seven-day cover.

Mental Health and Learning Disabilities

Residual gap £4.2m, underlying deficit £1.1m. The cashable element is currently visible through pay slippage and delayed recruitment. Other areas will require service change considerations across key pathways.

Planned and Specialist Care

Residual gap £5.9m, underlying deficit £2.0m. The highest-value entries are the £3.0m non-pay deep dive and £2.0m planned-care variable pay reduction. The consequences sit in theatre capacity, cancer performance, the protection of wet age-related macular degeneration treatment and fragile trauma and orthopaedic rotas.

Pharmacy and Medicines Management, and Primary Care

Smaller residual gaps, with a number of high-confidence prescribing benefit (Dapagliflozin loss of exclusivity, primary care prescribing initiatives, biosimilar switches). The Primary Care further opportunity schedule is different in character. Ceasing Local Supplementary Services, dispersing the managed practices and reducing Out of Hours shift fill would shift demand into other parts of the system and carry equality, access and partnership consequences.

Corporate areas

Smaller aggregate value through pay slippage, outsourcing, contract review, digital correspondence, VAT recovery and Continuing Healthcare uplift. Several Estates and Facilities items require alignment with the plans of the Clinical Care Groups.

Long Term Agreements with other NHS providers

There are gross opportunities of £5.1m within the agreements we have with other providers, which require robust conversations with our key providers.

Cross-Cutting Themes

Three themes cut across the area picture. Variable pay is a symptom of the workforce position and wider challenges facing the Health Board. Agency, locum, bank and overtime spend can reduce sustainably only if substantive recruitment and safe rota cover are in place.

Non-recurrent benefit supports 2026/27 but does not address the underlying run-rate. They do not resolve the recurrent challenge into 2027/28, which bears directly on the breakeven trajectory expected by Welsh Government under the conditions of the 2024/25 allocation.

Several items require further validation and scrutiny before they can be reported with confidence, and this is the subject of ongoing work with our Clinical Care Groups.

Financial Summary

The following table summarises the current position, with conversion adjustments added to provide an evidenced and realistic appraisal of current process towards de-risking the annual financial plan, and further scope for improvement, including support from Welsh Government.

Key Component	£'m	£'m	Key Information
Gross Planned Deficit		83.8	Before savings requirement of £42.8m
Savings Delivery		(7.2)	Green and Amber savings plans delivering. Gap of £35.6m vs plan requirement of £42.8m
Unplanned overspends		16.8	Including Green and Amber mitigating actions of £0.1m
Unplanned underspends		(29.8)	Required to continue, otherwise further savings or mitigations are required
Gross Position		63.6	Baseline assessment of run rate
Red mitigating actions converted	4.0		Risk adjusted conversion factor of 66% applied to the £6.0m committed value
Blue mitigating actions converted	1.7		Risk adjusted conversion factor of 33% applied to the £5.2m committed value
Targeted Mitigating Actions		(5.7)	To reduce unplanned overspends
Red cash releasing savings converted	3.5		Risk adjusted conversion factor of 66% applied to the £5.3m committed value
Blue cash releasing savings converted	1.6		Risk adjusted conversion factor of 33% applied to the £4.7m committed value
Savings Pipeline Conversion		(5.1)	Further savings schemes that will reduce the savings gap
Further variable pay and agency decisions		(11.8)	A total of £27.9m further opportunities have been forward, with immediate focus required to convert any variable pay or agency decisions for a timely route to cash
Reporting Position		41.0	Report to Welsh Government, with the assumed mitigating actions and savings

With a route to achieving the annual financial plan of £41.0m, a further rationale is summarised to explain how an improvement could be made to meet Welsh Government's expectations. In considering the WG letter response to the Annual Plan, the Board action is proposed to be broadened to highlight a route to breakeven, not £22m, assuming that choices can be taken to address the significant costs associated with our hospital configuration.

If the Health Board can submit a plan to breakeven excluding Welsh Risk Pool (WRP), Welsh Government have confirmed that WRP funding can be assumed.

As such, the below is presented on the basis of a further improvement, and assuming an acceptance that the historic multi rural site configuration deficit is also supportable, at least in part in the short term, together with Welsh Risk Pool.

Key Component	£'m	£'m
Original Annual Plan Deficit		41.0
North Hywel Dda configuration choices	13.6	
South Hywel Dda configuration choices	11.0	
Total Configuration Deficit		(24.6)
Welsh Risk Pool Funding Assumed if Breakeven Plan Submitted		(12.6)
Residual Savings Requirement		(3.8)
Revised Annual Financial Plan		0.0

Work is ongoing across service portfolios to provide an update to the specific actions that will be proposed to deliver the additional £3.8m residual savings requirement, from the existing identified further opportunities.

The configuration choices are conservative and exclude c.25% of overhead costs. It would be expected that some of these overheads could be reduced in due course. The premium costs include the additional cost incurred in Hywel Dda above the All-Wales Average (AWA).

Key Risks and Considerations

Key risks remain:

- Deliverability of high-risk or complex savings schemes currently categorised as Red or Blue. Whilst a conversion factor adjustment has been made in-line with past experience, these are not recognised by WG due to their uncertainty
- Reliance on non-recurrent measures and conversion to recurrent solutions
- Limited proactive declaration of savings from existing underspends – WG have been clear on expectations with challenge likely should they not be converted in a timely manner
- Scale and pace of mitigating actions required to impact run-rate, coupled with delivery certainty
- Capacity constraints impacting delivery of further opportunities
- External dependencies, including national funding decisions
- With a change to operational governance arrangements taking place, and revised escalation oversight, clarity needs to be afforded quickly to ensure accountability responses are timely through Executive Directors – the level at which accountability is now managed, with Executive Directors discharging their accountability within their teams themselves utilising summarised communication alerts

Executive Directors are accountable for converting their portfolio considerations into deliverable, evidenced plans, and the revised operational governance arrangements are intended to support that accountability. They need to operate from the start of June 2026 to allow the next iteration of this report to provide the Board with assured detail.

Overall Financial Trajectory

Combining delivery of savings, mitigating actions and further opportunities provides pathway to move from the current baseline to a planned £41.0m deficit, and to improve the position further. It is however, wholly predicated on the ability of the organisation to convert ideas into credible plans, and give due consideration to the impact on safety, quality and performance. A further update will be provided at the June 2026 meeting of the Finance and Performance Committee.

The approach also recognises the importance of external factors, including potential support from Welsh Government, in determining the final reported position.

Argymhelliad / Recommendation

The Board is asked to:

- **CONSIDER** the approach taken, appropriateness of response to the March 2026 Board action, and the implications associated with the options put forward.
- **RECOGNISE** that further work is required from the Executive Team to further prioritise options for onward decision, to provide an assured plan.
- **NOTE** no change to the annual plan financial deficit of £41.0m will be made at this stage, and updates to this effect will be communicated to Welsh Government in response to their feedback.

Amcanion: (rhaid cwblhau) Objectives: (must be completed)	
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	2326 (score 20) Risk of the Health Board not being able to meet the statutory requirement of breaking even in 2025/26 due to significant deficit position. 1199 (score 25) Risk of the Health Board not being financial sustainability.
Galluogwyr Ansawdd: Enablers of Quality: Quality and Engagement Act (sharepoint.com)	6. All Apply
Parthau Ansawdd: Domains of Quality Quality and Engagement Act (sharepoint.com)	7. 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:	Monitoring returns to Welsh Government based on HDdUHB's financial reporting system.
Rhestr Termau: Glossary of Terms:	Contained within the body of the report
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Cyfarfod Bwrdd Iechyd Prifysgol: Parties / Committees consulted prior to University Health Board:	Finance Team Management Team Executive Team Sustainable Resources Committee

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 and Clinical risks are detailed in the report.
Cyfreithiol: Legal:	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.
Enw Da: Reputational:	Adverse variance against HDdUHB's financial plan will affect its reputation with Welsh Government, Audit Wales, and with external stakeholders.
Gyfrinachedd: Privacy:	Not applicable.
Cydraddoldeb: Equality:	Not applicable.

**Cyfarwyddwr Cyffredinol Grŵp Iechyd, Gofal Cymdeithasol a'r
Blynyddoedd Cynnar / Prif Weithredwr GIG Cymru**

**Director General Health, Social Care & Early Years Group / NHS
Wales Chief Executive**



**Llywodraeth Cymru
Welsh Government**

Phil Kloer
Chief Executive
Aneurin Bevan University Health Board

22 April 2026

Dear Phil

RE: Hywel Dda University Health Board's Annual Plan 2026-27

Thank you for the submission of Hywel Dda University Health Board's Annual Plan for 2026-27. I note the health board has breached its statutory duty to develop a financially balanced, 3-year IMTP. The Plan cannot therefore be considered for full assessment via collective review, nor recommended for Ministerial approval. A rapid assessment of the plan has therefore been undertaken. General feedback and detail of action now required is provided below. Full feedback will be provided at a later date.

The Plan was considered by the Board on 26 March, and it was approved for submission.

Overall, on the basis that the Plan represents a deteriorating financial position and does not meet the clear expectations set by Welsh Government. The Plan is considered to be unacceptable and unsupportable.

General Comments:

- The Plan is set within the context of the health board's longer-term strategy; *A Healthier Mid & West Wales*, and its Clinical Services Plan.
- We note commitments have been made to regional planning and delivery. However, the tangible impact of these developments is not described. I would expect the impact of the regional committee to be articulated in the plan as well as its impact on improving performance
- Overall, the narrative plan is long and difficult to follow, with very detailed descriptions of risk and underpinning analysis which are sometimes repetitive and disjointed. Within this, it is not always clear what delivery commitments the Board has signed up to. We would suggest that reviewing how other health board plans have been structured may be helpful.

Performance:

Performance is mixed. There are some areas of improvement, but also some areas which fall below expectations:

- Planned Care:
 - Despite making massive improvements towards eliminating 104-week breaches during 2025/26, the submitted plan projects 5,507 104-week breaches by March 2027. Given the target is zero, this is a concerning and unacceptable level of deterioration in performance and requires serious consideration and review.
 - 8-week diagnostic waits are forecast to be 4,407 by March 2027. This is considerably above the level required and is not acceptable.
- Urgent and Emergency Care
 - For 2026/2027, the health board has used targeted intervention trajectory figures for >1 hour ambulance patient handover delays; a baseline of 918 patients per month forecast to improve to 590 per month by Q4. This is unacceptable as the target is for no patients to wait longer than 45 minutes for ambulance patient handover.
 - The targeted intervention trajectories are also used for the >12-hour emergency department performance target. This is forecast to improve from 9.5% to 7.3%. Whilst this is an improvement, it is unambitious and the target is zero.
 - Pathway of Care Delays are forecast to reduce from 204 to 183. The number of days delayed are not included and is an omission.

Enabling Actions:

An assessment of the enabling actions has been included, along with the baseline position and quantified opportunities.

Finance:

The submitted plan describes a deficit of £41.0m for 2026/27.

The planned deficit is neither acceptable nor supportable. Further actions are required at pace to reduce this deficit, and a recovery plan to financial balance. It is expected that this will be finalised by **29 May**.

Key reflections from a rapid review of the plan are as follows:

- The carried forward underlying deficit is materially adrift from the forecast outturn for 2025-26 and the requirements of the planning framework. Further clarity and assurance is required that all in year mitigations have been tested for recurrent delivery.
- Cost pressure growth in secondary care drugs is above the health board average; the health board should examine the assumptions underpinning the calculation of expenditure growth and identify any opportunities for improvement.
- The total workforce deployed (including substantive staff in post, variable pay staff and agency) is planned to grow by a further 279 WTE between March 2026 and March 2027. Given the challenging financial outlook, the health board is required to justify why this continued growth is essential and how this will be afforded, or if further actions are required to mitigate this growth.
- Urgent action is required to close the savings gap, currently only £5.1m (12%) of the £42.8m savings plan is supported by Green & Amber Schemes. This suggests the health board has very little plans of detailed substance and action.

- The opportunities pipeline describes £56.1m of opportunities, with a delivery ambition of £18.7m for 2026/27. Clarity is needed on how these align to the £36.0m of pipeline schemes reported in the savings tracker, and if any actions can be taken to increase the pace of conversion to reduce the deficit. In addition, ongoing work is required to continue to strengthen both the depth of the opportunities pipeline, and the timescale for conversion to delivery in support of a balanced financial position.
- The plan describes a significant level of risk at £47.7m, of which £17.2m is described as medium or high risk. This includes £10.2m medium risk to savings delivery.

Further analysis and discussion on the technical aspects of the plan will be followed up by Financial Planning & Delivery Team of NHS Wales Performance & Improvement.

The health board is required to consider and address the above feedback and provide a response to the specific actions required by **29 May**. That response must demonstrate tangible improvements to the Plan in relation to performance and finance.

Yours sincerely



Jacqueline Totterdell

cc. Dr Neil Wooding, Chair HDUHB
Nick Wood
Hywel Jones
Jeremy Griffith
Samia Edmonds