

Dyddiad/Date: 13<sup>th</sup> October 2025

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Dear Andrea,

## SWANSEA BAY UNIVERSITY HEALTH BOARD MONITORING RETURN 30 SEPTEMBER 2025

I enclose with this commentary the completed proformas in respect of the Health Board's Monitoring Returns to 30 September 2025.

The Health Board's assessment on performance against the £58.7m deficit has three components Operational Pressure, Savings Target, and Planned Deficit. Performance against these three elements at Month 6 is summarised in Table 1 below. At Month 6 there was an In-Month deficit of £5.3m, which is £0.4m above the £58.7m planned deficit, with the YTD position reporting a £43.0m deficit, which is £13.7m above £58.7m plan.

**Table 1: Delivery YTD**

Elements of In Month	Month 1 £M	Month 2 £M	Month 3 £M	Month 4 £M	Month 5 £M	Month 6 £M	YTD £M
Delegated Budgetary Position	(0.05)	(0.73)	(1.37)	(0.14)	(0.11)	(0.52)	(2.91)
- N/R Opportunities	0.00	0.00	(0.28)	(0.48)	(0.48)	(0.48)	(1.73)
- Shortfall NI Funding	0.00	0.00	0.34	0.34	0.34	0.34	1.37
<b>Total Part 1: Operational Pressures</b>	<b>(0.05)</b>	<b>(0.73)</b>	<b>(1.31)</b>	<b>(0.28)</b>	<b>(0.25)</b>	<b>(0.66)</b>	<b>(2.23)</b>
<b>Saving Target</b>							
- 12th Savings Target	4.62	4.62	4.62	4.62	4.62	4.62	27.70
- Less Actual In Month Delivery	(0.45)	(0.74)	(1.10)	(1.62)	(3.28)	(3.57)	(10.75)
<b>Total Part 2 = Savings Delivery Impact</b>	<b>4.17</b>	<b>3.88</b>	<b>3.52</b>	<b>3.00</b>	<b>1.34</b>	<b>1.05</b>	<b>16.95</b>
<b>Financial Deficit Plan</b>							
- 12th Deficit Value	4.89	4.89	4.89	4.89	4.89	4.89	29.35
<b>Total Part 3 = Deficit Plan</b>	<b>4.89</b>	<b>4.89</b>	<b>4.89</b>	<b>4.89</b>	<b>4.89</b>	<b>4.89</b>	<b>29.35</b>
<b>Deficit/ (Surplus) In Month Performance</b>	<b>9.01</b>	<b>8.04</b>	<b>7.11</b>	<b>7.61</b>	<b>5.98</b>	<b>5.28</b>	<b>43.03</b>
<b>Deficit/(Surplus) Above Plan</b>	<b>4.12</b>	<b>3.15</b>	<b>2.22</b>	<b>2.72</b>	<b>1.09</b>	<b>0.39</b>	<b>13.61</b>
<b>Deficit/(Surplus) Above Plan Excluding NI Pressures</b>	<b>4.12</b>	<b>3.15</b>	<b>1.87</b>	<b>2.38</b>	<b>0.75</b>	<b>0.04</b>	<b>12.31</b>

It is clear from Table 1 that the issue remains the non-delivery of savings. The submission made on 11<sup>th</sup> September set out the Plan to deliver the £55.4m savings in 2025/26. This was a combination of savings delivery supported by our external strategic partner, alongside an increased and sustained delivery of underspends in the operational budget specifically around the corporate directorates and N/R opportunities. The actual delivery on the latter two elements are reflected in Part 1 of Table 1 above. The 11 September 2025 Annual Plan – Financial Update excluded actions to mitigate known and future risks, which are detailed in Section 3 of this letter and Table A2.

There remains a clear plan for the £55.4m, noting that at the point of submission of the Month 6 MMR there remains risk in delivery as not all schemes are Green/Amber. Based on the savings trackers at 6<sup>th</sup> October 2025, which support the completion of the savings Tables in the MMR, the forecast delivery against the plan is summarised in the table below:

**Table 2: Summary Performance against £55.4m**

Ref	RAG	@ 11 Sept Plan £M	@ 6 Oct Tracker Planned Values £M	Movement Between Plan 11 Sept to 6 Oct £M	@ 6 Oct Tracker Forecast Delivery £M	@ 6 Oct Gap Between Savings Plan & Forecast £M
B3	Amber	3.3	3.1	0.2	2.5	(0.6)
B3	Green	21.8	24.3	(2.5)	26.0	1.7
C2	Pipeline (Local)	1.7	1.2	0.5	0.2	(1.0)
C3	Pipeline C3	6.8	6.8	0.0	0.0	(6.8)
D1-D3	Pipeline D1, D2 or D3	9.0	8.9	0.1	0.0	(8.9)
C1	Red (Trackers)	2.7	2.5	0.2	0.0	(2.5)
Sub Total Savings Trackers		45.3	46.9	(1.6)	28.7	(18.2)
C1	Red (Corporate Stretch)	1.5	1.5	0.0	0.0	(1.5)
B2	NR Opportunities	6.1	4.6	1.5	4.6	0.0
B1	Corporate Underspend	2.5	2.5	0.0	2.5	0.0
Sub Total Other Actions		10.1	8.6	1.5	7.1	(1.5)
<b>TOTAL</b>		<b>55.4</b>	<b>55.5</b>	<b>(0.1)</b>	<b>35.8</b>	<b>(19.7)</b>

It is recognised that the remaining gap in planned savings requirement was expected to be closed by Month 6 with all schemes required to meet the 'Green' criteria. For noting, not all of the £55.4m plan would be transacted via the trackers. At Month 6 £8.6m of the plan would be delivered through operational underspends and non-recurrent slippage, as per Part 1 of Table 1.

Of the planned quantum of £55.4m the assessed gap between the plan and the forecast delivery is twofold:

- **£18.2m** on savings as per the trackers  
In applying the 'Green and Amber Criteria' as part of the MMR Guidance at this point the planned schemes would not meet the criteria in full. This was discussed in detail at the R&S Board held on 8<sup>th</sup> October 2025 with a focus on driving all planned schemes to Amber and

then Green as quickly as possible. There were numerous actions to address this from the 8 October 2025 R&S Board and examples of some of these actions are provided below to demonstrate the continued focus to deliver the plans established, which will increase the Green/Amber values:

- Workforce Control – ban booking overtime in excess of 6 weeks for clinical areas and 1 week for all other areas to strengthen the existing controls further, based on the evidence presented to the R&S Board.
- Workforce Admin Priority areas – Clinical Administration, Booking Teams and Business Administration were areas where immediate actions could be undertaken to explore centralisation and support reduction in A&C WTE, which is based on Clinical Staff to A&C Staff ratio being higher than comparable peers in England.
- Workforce Medical – challenge and review of all M&D staff where baseline assessment of current job plans exceeds 12 PAs.
- Workforce Nursing – amendment to the 26.9% head room, with a change to 21%, with the 5.9% balance used to create a nursing pool to support roster gaps and reduce the use of variable pay.
- Procurement – finalisation of the contract review which has potential to deliver £1m in year and £4m recurrently.
- UEC Bed De-escalation – of the £1.8m planned there was confidence in £0.7m, which need to be finalised in the next 2 weeks, with further work required to address full £1.8m in Q3/Q4.
- UEC Investments – work with our external strategic partner is being finalised on plans of £1.6m and work to be accelerated in the next 4 weeks.

Whilst the Health Board is unable to turn all schemes Amber/Green, of the £18.2m gap, 90% of these are schemes are not due to commence until Q3/Q4 and so with the further actions supported by our strategic partner and the work of the R&S Team, progress on increasing the current level of Green/Ambers will continue. The savings tracker will be run again on 20 October 2025. A summary of the planned quantum of savings on the tracker (£46.9m) and expected start dates is summarised below:

**Table 3: Savings By Start Date**

RAG & Start Date	In Year 2025/26	
	Planned £M	Forecast £M
Green & Amber	27.4	28.5
Red / Pipeline (Q1/Q2)	2.9	0.2
Red / Pipeline (Q3/Q4)	16.6	-
<b>Total</b>	<b>46.9</b>	<b>28.7</b>

- **£1.5m** of other actions linked to Corporate

With regards to the Red Corporate Stretch (£1.5m), work will continue to address this and the £2.5m (Ref B1) during October. There were, in Month 6, a number of one-off pressures in the area of Estates and also Losses, with a further correction provided by Legal and Risk regarding PIP claims, which had a £0.250m impact in-month for claims relating to first 6

months of the year. A review will be undertaken during October 2025 of all Corporate areas to provide further confidence in the delivery of the corporate underspend target.

## **1. Movement of Opening Financial Plan to Forecast Outturn (Table A)**

The forecast remains at £58.7m, with the risk to achieving this detailed in Table A2. Free text lines have been added as follows:

- **Ref Line 19 Additional In Year & movement in WG funding & Other income** – this presents the net of the income shortfall for Dental PCR and shortfall/surplus for JCC (following the in-month improvement and latest data an overall surplus is forecast for JCC).
- **Ref Line 26 Dental PCR Income shortfall** – a YTD correction has been made in Month 3 to remove the values reported in Month 1 and 2 in line with WG feedback.
- **Ref Lines 27 & 28 Welsh LHB and NCA Income** – a YTD correction was made in Month 2 to remove the values reported in Month 1 in line with WG feedback.
- **Ref Line 30 JCC Income underperformance** – a YTD correction has been made in Month 3 to remove the values reported in Month 2 in line with WG feedback..
- **Ref Line 31 Losses Overspend** – this line presents the current forecast overspend against Losses following the assessment now completed during Month 6 regarding the impact of the further national system issues. This has been shown on Table A as it is not included in Table B2.
- **Ref Line 32 Losses Overspend** – mitigating actions incorporated into 11<sup>th</sup> September Plan – this line presents the mitigating actions to offset the pressure as incorporated in to 11<sup>th</sup> September submission. This has been shown on Table A as it is not included in Table B2.

The second half of Table A currently reflects a shortfall of £51.2m (ref line 13) offset by movement in savings in-year (ref line 14-17, 20), with a net shortfall of £26.6m, and from a top down perspective this equals the Health Board savings requirement of £55.4m, less the Green and Amber schemes identified of £28.6m and Accountancy Gains of £0.2m. Within Table A the £26.6m shortfall is then offset by lines 19 and 23 with planned mitigating actions (noting that £1.7m of line 19 is unplanned at this stage), and the net impact of the unplanned cost pressures and unplanned spend reductions. The actions and milestones to address the shortfall was detailed in the Annual Plan – Financial Update 11<sup>th</sup> September 2025 with progress and actions noted in the opening section of this document.

The pressures and spend reductions arising in the month are noted in Table 1 of this letter on the key drivers.

## **2. Underlying Position (Table A1)**

The underlying b/f position reflects the £92.478m, reported both in the Month 12 MMR submission and in the MDS submitted on the 31 March 2025. The planned savings of £55.4m are assumed to deliver recurrently in full in order to achieve a c/f underlying position of £58.7m in line with the planned deficit for 2025/26. No changes have been made to this in Month 6. One of the areas of assessment from the financial support the Health Board has commissioned will be to revisit this underlying deficit assessment.

### 3. Risk Management (Table A2)

#### Risks:

With the exception of the Risk on Ref Line 12 in Table A2, which reflects the non delivery of the current Planned and Unplanned Mitigations direct from Table A, the assessment of the remaining Risks is provided in the table below:

**Table 4: Risk Summary**

Ref	Risk - Unfunded Pressures	Range £M	Risk Assumed @ Mth 6 £M
<b>Part A: Confirmed Risks Mitigated In Year</b>			
R1	MHLD redesign and review NSA levels		0.00
R2	ED 6 week pilot probable extension		0.10
R3	Maternity independent Review Recommendations		0.25
R4	Workforce Challenges		8.90
R5b	JCC Financial Risks @ £16m		0.90
R7	Assessment of the Risk Share of the Welsh Risk Pool for 2025/26 (Data 17/09/25)		(0.5)
R8	Increase in the Welsh Risk Funding Requirements 2025/26 using Draft % Share £42m (Data 17/09/25)		5.90
R9	Increase in the Welsh Risk Funding Requirements 2025/26 using Draft % Share Additional Risk (Data 17/09/25)		1.60
R14	Shortfall in WG National Insurance Funding		3.08
R17	MHLD Temporary Adult Placements		4.50
R18	LIMS Deployment Plan Options assessment June 2025 (DHGW email 26/06/25)		0.26
R21	Nurse Stream Lining 144		3.60
R25	MHLD Service Group Operation Run Rate oxc R17		4.50
<b>Total Part A</b>			<b>33.69</b>
<b>Part B: Other Risks</b>			
R5a	LTA Performance	1 m - 2m	0.00
R6	Primary Care Prescribing 2025/26 limited data received in year relating to 2025/26)	0.5m - 1m	0.00
R9	Confirmation of the Pension Discount Factor to be applied in the 2025/26 accounts	0.5m - 1m	0.00
R10	Changes to the Bad Debt provision confirmed at the end of the Financial Year;	0.0m - 0.5m	0.00
R11	Under or Over delivery of the RTA income above Budget, which finalise at the end of the Financial Year.	0.5m - 1m	0.00
R12	Further deterioration in the Financial Position linked to operational pressures.	0.0m - 5.0m	0.00
R13	Unplanned costs relating winter pressures within the Health Board and across partnerships	1.0m - 2.0m	0.00
R15	Shortfall in WG Funding 2025/25 Pay Award	2.0m - 3.0m	0.00
R16	Non Delivery of Red/Pipeline deliver £55.4m	9.0m-18.0m	0.00
R19	Diagnostic Impact WG Stage 1 Funding (further work required)	5.0m-9.0m	0.00
R22	Pharmacy Contract Changes - Details Published October	0.2m-0.5m	0.00
R23	NICE Above Funding	0.0m-1.0m	0.00
<b>Total Part B</b>			<b>TBC</b>

Table A2, includes only those in the top half where certainty on the risk is greater at this point in the year.

Where there have been changes from that reported in Table A2 in the Month 5 submission, details are provided below: -

- R1 MH Redesign – work continues on assessing the requirements of the HB MH Services but no final position has been agreed. Given we are now in Q3 it is assumed any changes in staffing model will not impact 2025/26 or will be minimal.

- R3 Maternity Review Recommendations – additional posts required to support this are not yet in post and it is now assumed that only one quarter of spend may be required in 2025/26.
- R4 Workforce Challenges – this is based on the latest assessment of the Band 2-3 assessment, with further discussion ongoing.
- R7-8 WRP – this is based on the position shared by NWSSP on 17<sup>th</sup> September 2025, further discussions are expected at DOFs in October on treatment of this for 2025/26.
- R17 MHLA Temporary Adult Placements – from the peak of placements in June of 26, at end of September this had reduced to 4. The £4.8m is based on the YTD position plus the level of expenditure seen in Month 6, which was significantly reduced, continuing to the end of the financial year.
- R21 Nurse Stream Lining – this now reflects on 6/7<sup>th</sup> of the original value. In Month 6 this did not result in an increase in costs and will be re-assessed over Q3 to determine if this still represents a risk.

All risks will continue to be reviewed, and the tables updated as necessary.

#### **Opportunities:**

The work undertaken with our external strategic partner and incorporated within the Annual Plan – Financial Update (11<sup>th</sup> September 2025) document highlights all the opportunities available.

#### **4. Monthly Positions (Table B)**

##### **4.1 Overview Variance & Plan:**

The profile of income and expenditure in Table B continues to be refined as further analysis is completed on the YTD operational drivers and mitigating actions/options.

Further details regarding the reasons for the variance to plan reported in Table B are provided in Section 4.2 below. A summary of the drivers of the In-Month position is summarised in the table below:

**Table 1: Key Drivers**

Month 6 - In Month	TOTAL	MH/LD	PCT	NPTS	Morr	COO	Estates (inc Finance)	Corporate Directorates	Central
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Plan 1: Plan									
In Month Deficit Plan	4.89								4.89
Part 2: Delivery 2025/26 Target £55.4m & Run Rate									
Non Delivery £55.4m Savings	1.05	0.16	0.58	0.80	(0.12)	0.14	0.06	0.01	(0.584)
Non Delivery of Run Rate Target							(0.07)	(0.56)	0.00
Sub Total Part 2	0.12	0.16	0.58	0.80	(0.12)	0.140	(0.00)	(0.551)	(0.58)
Part 3: Operational Pressures Above Underlying Deficit Income									
- JCC Performance					(0.29)				
- Dental PCR Income	0.00								
- Other	0.00								
Pay (including VP)	0.00								
- Medical		0.05	(0.07)		(0.05)				
- Nursing (inc UQ)	0.14	0.13	(0.09)		0.10				
- A&C		(0.08)	(0.05)		(0.11)		(0.01)		
- Other			(0.08)	(0.15)		0.12			
Surge Beds	0.00								
- Corseinton	0.04		0.04						
- Singleton/NPT	0.00								
- Morriston	0.00								
Non-Pay	0.00								
- Secondary Care Drugs	0.00								
- Clinical Consumables	0.34			(0.23)	0.57				
- Estates (Building Materials / Energy)	0.07						0.07		
- Finance (PFI) Energy	0.16						0.16		
- COO (Provisions)						(0.02)			
- CHC (inc LAC)	0.23	0.17	0.06						
- CHC Temporary Adult MH Placements	0.26	0.26							
- Dental Contract Clawback for 24/25	0.00								
- Primary Care Prescribing	0.00								
- Primary Care contractor			(0.21)						
- Other Non Pay		0.02			0.03	(0.11)			
Corporate Directorate Balance								0.11	
Sub Total Part 3	0.13	0.56	(0.38)	(0.38)	0.23	(0.013)	0.22	(0.11)	0.00
Part 4: Central Codes									
- Central Z Codes	0.33								0.327
- NR Opportunities									0.48
Sub Total Part 4		0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.16)
Total Variance	5.280	0.718	0.290	0.421	0.100	0.127	0.214	0.00	4.140
Total In Month Budget		13.027	24.664	33.654	32.298	3.531	4.936	27.576	
Variance as % Budget		6%	1%	1%	0%	4%	4%	(2)%	

**4.2 Movements In-Month / YTD Variance and Forecast Profile**

The key areas of variance across the Health Board are summarised in the commentary below. The items below are those that drive the operational spend reductions and cost pressures currently reported on Ref Lines 21 and 22 of Table A and relate to the summary provided in Table 1 above:

- Income**

The Joint Commissioning Committee (JCC) Income as a provider over-performed by £0.4m in-month (£1.1m YTD). This has been driven by both improved performance in Renal, NICU, TAVI and Cardiology.

- Pay**

Month 6 Pay (once normalised for the 2025/26 Pay Award arrears) is in line with prior months; the continued vacancy freeze primarily in Admin & Clerical and other Pay Controls being the driver for this. There was also a further reduction to variable pay expenditure in month.

- **Clinical Consumables**

This area overall has an in-month overspend of £1.3m, which is a £1.2m deterioration on the prior month. This is driven in the main by the costs associated with the overperformance on JCC activity in-month. Within the ledger the gross income is reflected within the income lines and not netted off against expenditure and so overall the Health Board position is not adversely affected; the main drivers within this category of clinical consumable expenditure include heart valves & pacemakers. There are 80+ subjective lines within this category, including secondary care drugs.

- **Continuing Health Care (CHC)**

In Month 6 CHC was overspent by £0.4m (YTD £3.6m). Whilst there continues to be a reduction in the expenditure on Adult Mental Health placements versus that seen YTD, the pressure remains at £0.26m in month in addition to standard CHC growth in excess of the Plan.

- **Prescribing**

Prescribing was almost breakeven in month and YTD following receipt of the latest dataset (July 2025).

As per previous action points an analysis of items with a forecast greater than £0.5m when compared to an equal twelfth of the end of year total forecast was completed.

- RRL: each month, the gross income and expenditure position is finalised on an actuals basis (as reported in the MMR Table B); these actuals compared to the budget in the ledger create a variance. The variance needs to be reported as the 'bottom line' financial position for the Health Board (as reported in the 'Net surplus/(deficit)' total in the MMR Table B). Effectively the RRL is the budget allocated to Service Groups or Directorates based on the profiling for that month.
- Welsh NHS Local Health Boards & Trusts: In Month 6 the YTD impact of the 2024/25 Pay Matrix has been recognised in the financial position.
- JCC Income: In Month 6 the YTD impact of the 2024/25 Pay Matrix has been recognised in the financial position.
- Capital Donation/Government Grant Income is typically confirmed and received in Month 12 (to note, should receipts be earlier in the year the income would be recognised at that point).
- Primary Care Contractor: The GP Refresh funding allocation is typically confirmed and passed to Contractors in Month 12.
- Primary Care Drugs is phased based on prescribing days in any given month and anticipated timings of Category M drug prices.
- Pay will naturally fluctuate with the timing of starters and leavers, as well as the level of reliance on variable pay linked to sickness, number of open beds, additional activity etc.
- Non-Pay is profiled in line with when services are received or goods are delivered.
- Healthcare Services Provided by Other NHS bodies: In Month 6 the YTD impact of the 2024/25 Pay Matrix has been recognised in the financial position.

- CHC: In Month 6 further uplifts within MHL D have been issued to providers on a year-to-date basis. Remaining CHC inflation (for MHL D) has assumed to be agreed and paid (inclusive of arrears) in Month 7, after which point the projected uplifted rates will apply. The profile of expenditure will also be affected by the number of days in each calendar month.
- Other Private & Voluntary Sector: This primarily relates to the timing of delivery of Planned Care Recovery activity being phased later in the year.

#### 4.3 Movements In-Month / Forecast Actuals (Table B1)

The keys issues of note from Table B1 against the core heading of (1) PMA = Prior Month Actuals, (2) PMF = Prior Month Forecast and (3) PMFYF = Prior Month Full Year Forecast are provided in the section below:

- Revenue Resource Limit (RRL)
  - PMFYF: the increase relates primarily to two items; £2.6m in relation to "Phase 4 Planned Care OP conversion to diagnostics" funding anticipated in month, and £1.2m Vertex (JCC pass through) funding received.
- Welsh NHS Local Health Boards & Trusts Income
  - PMF/PMFYF: the decrease in month reflects a reclassification to the forecast of the 2024/25 Pay Matrix in relation to HEIW; this has been reclassified in-month to "Other Income". This is also driving the End of Year (EoY) decrease of £2.6m.
- JCC Income
  - PMF/PMFYF: Both the in-month and EoY increase is driven by over performance in a number of areas including Renal, NICU, TAVI and Cardiology.
- Other Income
  - PMF/PMFYF: The in-month increase is driven by the reclassification of the HEIW 2024/25 Pay Matrix from the Welsh NHS Local Health Boards & Trusts Income line. This are a number of other drivers of the year end increase, including an R&D grant and additional commercial income.
- Provided Services – Pay
  - PMF/PMFYF: The EoY increase is driven primarily by the assumption that the "Phase 4 Planned Care OP conversion to diagnostics" funding anticipated will be delivered internally to the Health Board (with a corresponding assumption that £1.6m of additional variable pay will be required). This is a highly indicative assumption at this stage as operational delivery plans are not yet fully developed at this level of detail.
- Secondary Care Drugs
  - PMF: The increase in-month is driven by increases in Oncology and Haematology; further work to understand the drivers is underway.
- Healthcare Services Provided by Other NHS Bodies
  - PMF/PMFYF: Both the in-month and EoY increase is primarily driven by the receipt of the Vertex funding of £1.2m, which is a pass through to JCC; the YTD impact has been recognised in-month.
- Other Private & Voluntary Sector

- PMF: The in-month decrease relates to the timing of planned care recovery activity; the EoY forecast remains unchanged.

#### 4.4 Other Areas of Comment:

- **Accountancy Gains (D)**

A small Gain was recognised in Month 4 (£0.2m) with an additional Gain of £0.1m recognised in Month 6. The potential for further Accountancy Gains will remain under review over the course of the year.

- **Committed Reserves (E)**

The Health Board is holding committed reserves in respect of NICE, which is issued on an actual basis and a Health Board wide forecast is assessed regularly. Within the Mental Health & Learning Disabilities Service Group Local Reserves are held for CHC Inflation until Provider uplifts are confirmed and paid. An element of Planned Care Recovery is also managed centrally in relation to the Outsourcing workstreams. The remaining reserves for these areas are presented the in sub table E.

- **COVID-19 Expenditure (F)**

The breakdown of this by area of COVID is provided below:

£'000	Funding	Plan	Forecast
Health Protection (including PPE)	3,289	3,289	3,213
Vaccination Programme	3,291	3,291	3,422
Long COVID	954	954	954
<b>Total</b>	<b>7,534</b>	<b>7,534</b>	<b>7,589</b>

The profile of expenditure is largely weighted towards the Autumn/Winter when the majority of immunisations and protection activities take place.

#### 5. Expenditure Movements (Table B2)

The Plan figures reflect the MDS submission from 31 March 2025 after adjusting for the movement in identified Green and Amber savings schemes between 31 March 2025 and the Month 1 MMR submission in April 2025, as requested by WG colleagues; a YTD correction has been reported in Month 2.

##### **Section A: Primary Care Contractor**

The Unplanned spend reductions (Line 8) relate to the non-recurrent clawback now confirmed in relation to 2024/25 contract performance. The figure is materially correct but may be subject to some refinement as Dental Contractors are permitted to 'catch up' the missed activity in the current year if the activity is below 5% of the total; it is currently assumed all contractors will opt to do this.

##### **Section B: Primary Care Drugs & Appliances (Prescribing)**

The only material line relates to Virements between expenditure categories and Savings Delivery.

Primary Care Prescribing is providing a small YTD underspend which is reflected in the Table.

#### **Section C: Provided Services – Pay**

The Unplanned Spend Reductions (Line 38) relates to Vacancies and other one-off benefits within Corporate Directorates, which are driving an underspend. Actions are underway to formally request that all Corporate Directorates continue to hold this position into future months in order to support the overall Health Board position. Unplanned Cost Pressures (Line 39) is largely driven by the variable pay pressures within Mental Health & Learning Disabilities.

Planned additional required mitigations yet to be finalised have been mostly allocated against Pay given this is the largest expenditure type and should present the largest opportunity; also targeted efforts to reduce variable pay are already underway and aligned to the work with our external strategic partner.

#### **Section D: Provided Services – Non-Pay**

All unidentified savings targets are held on a consistent subjective for all Service Groups and Corporate Directorates; this 'gap' is classified under non-pay and therefore this Section holds the full Health Board value on the "Red, Pipeline and Planning Assumptions" line (line 47).

Unplanned Spend Reductions (Line 53) relates to a range of one-off benefits, primarily in Morriston, Estates and PFI with various benefits in maintenance and materials, rates rebates and clinical consumable rebates.

Unplanned Cost Pressures (Line 54) primarily relate to Clinical Consumables and the Employer's National Insurance (ENIC) funding shortfall; both of which are forecast for future months based on local intelligence regarding likely growth and inflationary pressures not yet in the YTD position and the known ENIC position; in addition, in Month 12, anticipated pressures that will not be certain until year end such as Bad Debt Provisions are included.

Planned and Unplanned additional required mitigations yet to be finalised (lines 56-57) have been next allocated against non-pay given this is second the largest expenditure type (excluding LTAs as these are contractually agreed) and should present the second largest opportunity.

#### **Section E: Secondary Care Drugs**

The YTD Secondary Care Drug position is overspent by £0.3m; it is assumed that this is less of a pressure for the remainder of the year, however further work is required.

#### **Section F: Healthcare Services Provided by Other NHS Bodies**

The Unplanned Spend Reductions (Line 83) extrapolates the YTD performance into the full year forecast.

#### **Section G: Non-Healthcare Services Provided by Other NHS Bodies**

No deviation in the Month 6 submission.

### **Section H: Continuing Care and Funded Nursing Care**

The Unplanned Cost Pressures (Line 114) primarily relates to the temporary Adult Mental Health placements with external providers due to demand being more than the Health Board's internal bed capacity. Plans to repatriate these patients back into core capacity are underway and details are discussed in the section 3 and 4 above. There is also a continuation of the new growth pressure which will remain under scrutiny as the Plan did not provide for new growth.

### **Section I: Other Private & Voluntary Sector**

The only material lines relate to virements between expenditure categories and Additional spend associated with in-year funding.

### **Section J: Joint Financing and Other**

The only material lines relate to virements between expenditure categories and Additional spend associated with in-year funding.

## **6. Pay, Agency & Other Variable Pay Expenditure (Table B3)**

The Health Board Agency expenditure for Month 6 is £1.0m (Month 5, £0.8m), which is 1.3% (Month 5, 1.0%) of the overall pay expenditure.

The key reasons for Agency expenditure in month are set out in the bullets below:

- Vacancy Cover – 67%
- Temporary Absence Cover – 12%
- Additional Support to delivery and performance – 21%

Other Variable Pay (excluding Agency) is classified by the Health Board into the following categories: Bank, Overtime, Waiting List Initiatives (WLI) and Irregular Sessions and all of these have been included within the Table. A summary split by category is provided below:

<b>Category</b>	<b>In-month expenditure £'000</b>
Bank	2,170
Overtime	517
WLI	285
Irregular Sessions	739
<b>Total</b>	<b>3,712</b>

Agency/Premium Locum and Other variable pay remain key areas of focus for opportunities to reduce the current run rate of expenditure, with specific reduction targets having been issued to Service Groups as part of the Variable Pay cap.

## **7. Savings (Tables C, C1, C2, C3, C4)**

The position reported in the MMR only reflects Green and Amber schemes. A full assessment of the Savings Plans and further opportunities was included within the Annual Plan – Financial Update 11<sup>th</sup> September 2025) with further updates in the opening section of this document.

There are 10 validation errors for Amber schemes that has surpassed the 'go Green' date and remains Amber. The MHL D scheme was due to commence on 1 October and therefore delivery assurance is expected for the Month 7 submission; the MSG scheme commenced in Month 6, however the Service require further assurance around the certainty of delivery timing and/or value at this stage. Of the remaining 8 NPTS schemes, 6 have £nil forecast delivery; 2 schemes relating to Medicines Management commence on 1 October and therefore delivery assurance is expected for the Month 7 submission.

## **8. Welsh NHS Assumptions (Table D)**

Table D reflects the signed LTAs for 2025/26.

## **9. Resource Limits (Table E)**

Table E provides the allocations received and those anticipated by the Health Board.

Any variance in the level of funding received aligned to anticipated allocations may have a detrimental impact on the ability of the Health Board to achieve the £58.7m target.

## **10. Statement of Financial Position (Table F)**

The key issues in respect of the statement of financial position movements are as follows:

- The inventory value has decreased from £9.215m at the end of August 2025 to £8.473m at the end of August 2025, a decrease of £0.742m. The majority of this movement relates to This relates to a reduction in Blood stocks (£0.651m).
- There has been an increase in trade receivables from £279.716m at the end of August 2025 to £308.2m at the end of September 2025, an increase of £28.484m. This relates to an increase in WRP (Welsh Risk Pool) debtors of £1.466m and NHS Debtors of £27.557m.
- The closing September 2025 cash balance of £9.161m is above the Health Board target of a cash balance of £2.5m at month end and the best practice cash target for the Health Board of £6m. The closing cash balance is higher than expected due to litigation claims forecast to be paid during September, but yet to be formally confirmed by the court. AP payments were also £7.3m lower than forecast.
- The trade and other payables figure saw an increase from £215.652m at the end of August 2025 to £236.699m at the end of September 2025, an increase of £21.047m. This comprises an increase in Accruals, NHS creditors and WGA creditors.

- Provisions saw a decrease of £2.719m from £230.422m at the end of August 2025 to £227.703m at the end of September 2025. This decrease relates to a decrease in the Clinical Negligence provision of £2.8m.

## 11. Cash Flow Forecast (Table G)

As at the end of September 2025, the Health Board had a cash balance of £9.161m, which is above the Health Board target of a cash balance of £2.5m at month end, and the best practice cash target for the Health Board of £6m. The closing cash balance is higher than expected due to litigation claims forecast to be paid (£1.25m) during September, but remain outstanding as they are awaiting formal confirmation by the court. AP payment runs were also £7.3m lower than originally forecast.

Following a full review of the working capital requirements, and conversations with WG colleagues, we have revised our cash support requirements. The working capital calculations illustrate the movement in net creditors/debtors to support the request.

We would expect to manage the revenue working capital cash to enable us to close the cash position within the £2.5m Health Board target. This is predicated on:

- Receiving revenue working capital cash support of £56.421m (as shown in the working capital cash calculations below, and as shown in Table E);
- Receiving strategic cash support of £31.532m. As this cannot be included under Anticipated allocations on Table E, it has been shown as a forecast year end cash deficit position within the Cashflow on Table G.
- Recognising pressures relating to:
  - The Band 2/3 realignment - £9m (phased March 2026)
  - The estimated revised WRP risk share recovery - £6.977m (March 2026)
- Receiving most of the anticipated allocations prior to March 2026. Therefore, the timing of receiving this funding is key because it directly impacts when the Health Board cash position will deteriorate, so an early indication of when we can expect to receive some of the larger sums of funding would be appreciated.

The movements are shown in the table below:

	£'000
Forecast I&E Deficit (revised)	- 58,660
Cash Movement in year	- 32,737
Revenue working capital cash support	56,421
Opening Cash Balance	3,444
<b>Forecast Cash Surplus</b>	<b>- 31,532</b>

<b>Working Capital cash calculations:</b>			
	Total SBU	Revenue	Capital
	£000	£000	£000
Opening Creditors - B/fwd April 2025	199,722	190,135	9,587
Closing Forecast Creditors - YE March 2026	140,978	136,978	4,000
	58,744	53,157	5,587
Opening Debtors - B/fwd April 2025	102,323	102,323	-
Closing Forecast Debtors - YE March 2026	100,000	100,000	-
	2,323	2,323	-
Working Capital movement - requirement	<b>56,421</b>	<b>50,834</b>	<b>5,587</b>

The £6.532m allocation request for cash support in order to reimburse capital cash (as shown in Table E), remains.

The CRL section within the Cashflow, Table G, is showing that we will not be drawing down any CRL funding until at least February 2026. This is due the net capital funding position as at Month 6 being £10.113m:

- £6.532m from prior years
- £3.581m YTD 25/26

As a result the majority of the CRL funding is phased into March 2026.

The cash flow is updated daily and a full review of the cash forecast is currently being undertaken monthly, to ensure that any changes to our cash requirements can be communicated in a timely manner to WG.

## 12. Public Sector Payment Compliance (Table H)

The Health Board achieved the 95% PSPP target the % of Non-NHS Invoices Paid within 30 Days in Quarter 2 with compliance being 96.7% for the quarter.

NHS payment compliance for invoices paid within 30 days was, however, slightly below 95% with the quarterly performance being 94.4%, although an improvement on Quarter 1. The Health Board remains focussed on improving PSPP compliance for NHS invoices and ensuring that performance remains above 95% for non-NHS invoices.

Further updates will be reported at the end of Quarter 3.

## 13. Capital Resource / Expenditure Limits (Table I & J)

The forecast outturn shows an overspend position of £1.750m. Allocations are anticipated on the following schemes, which will provide a balanced position.

Scheme	£m	Narrative
City Deal – Morriston Access Road Design	0.151	Funding approved.
Business Case Fees - Hybrid Theatre, Morriston	0.071	Business case fees incurred for schemes included in the Health Board 10-year capital programme/national prioritisation.
Business Case Fees – Urology NPT	0.273	Business case fees incurred for schemes included in the Health Board 10-year capital programme/national prioritisation.
Business Case Fees – Taith Newydd Fire	0.307	Business case fees incurred for schemes included in the Health Board 10-year capital programme/national prioritisation.
Tonna Roofing Works & Cooling Solution	0.948	Bid submitted in September to Welsh Government for £0.948m to support increased cost on the Mother and Baby Roofing Works and Cooling Solution at Tonna.

The following allocations are classed as risks.

Scheme	£m / Risk Level	Narrative
Tonna Roofing Works & Cooling Solution	0.948 / High	Bid submitted in September to Welsh Government for £0.948m to support increased cost on the Mother and Baby Roofing Works and Cooling Solution at Tonna.
Replacement Diagnostic and Treatment Equipment 2025-26 - Morriston CT 1 Replacement	0.300 / Medium	Risks as discussed at Welsh Government Meeting 04/09/2025.  Potential underspend of £0.300m to be confirmed with reinvestment proposal to be submitted to Welsh Government.
CT-SIM & AI SWW Cancer Centre	0.500 / Medium	Risks as discussed at Welsh Government Meeting 04/09/2025.  Potential underspend of £0.500m to be confirmed with reinvestment proposal to be submitted to Welsh Government.
DPIF – RISP	0.573 / Medium	The programme is reporting a lack of confidence in relation to the suppliers ability to deliver against a revised plan of a 23rd February 2026 go-live based upon current performance.  Discussions are in progress and we will quantify the financial risk over the coming weeks to determine whether all, or specific elements of the funding, are at risk this financial year.

Scheme	£m / Risk Level	Narrative
Mental Health Quality and Safety Schemes	0.145 / Medium	Risk as discussed at Welsh Government CRM Meeting 24/09/2025. Potential slippage of £0.145m to be confirmed to Welsh Government by end of October.
Targeted Estates Funding (TEF) Programme	TBC / Medium	Awaiting confirmation on recent TEF funding proposals and other linked bids (i.e. Tonna Roofing Works and Cooling Solution). We have currently forecast the TEF programme to be within existing allocations but will need to review the overall TEF programme once the outcomes on recently submitted bids are known.

All other schemes are low risk, and any variances are linked to planned contributions from discretionary and in some instances payback of prior year fees.

In terms of material underspends which are being managed by the HB; the Month 6 MMR reports a £0.108m underspend on 'Backlog Maintenance 2024-25' which offsets against a £0.241m overspend in 2024/25, the net impact being an additional discretionary contribution of £0.133m across years. The £0.312m variance shown against 'Replacement Diagnostic and Treatment Equipment 2025-26' is not a Capital scheme underspend, it represents the cost of mobile hire in relation to the CT Scanner at Morriston which is accounted for as a revenue cost.

#### 14. Capital Disposals (Table K)

There is one planned property disposal of Morriston Land with expected sale proceeds of £0.500m. This is expected to complete during October. Please note that Table G (Cashflow) reflects the most up to date value of £0.510m which results in a trivial misalignment to Table K.

#### 15. Aged Welsh NHS Debtors (Table M)

Table M lists all Welsh NHS invoices outstanding for more than 11 weeks as at the end of September. The value of NHS debts outstanding for between 11 and 17 weeks amounted to £209k at the end of September 2025 (August 2025 - £51k) with the number of invoices increasing in this category to 32 invoices compared to 28 invoices as at the end of August 2025.

Of the outstanding invoices between 11 and 17 weeks old, 18 invoices have been paid since the end of September 2025.

The 14 outstanding invoices for the total of £73k are actively being chased:

- Aneurin Bevan – 4 Invoices, £2k
- Hywel Dda – 6 Invoices, £39k
- Cardiff & Vale – 2 Invoices, £28k
- Cwm Taf – 2 Invoices, £2k

Please note that no specific reason provided for non-payment of these invoices to date.

**16. Ring Fenced Allocations (Tables N & O & P)**

Table N & O have been completed for Quarter 2 as required. GMS is currently forecast to underspend by £0.388m and Dental are currently forecast to underspent of £0.065m.

Within Table P, all ring-fenced funds are fully or over-committed with the exception of Value Based Health Care where a small amount requires plans to be finalised.

**17. IFRS 16 (Table Q)**

2025/26 Approved schemes: Approved schemes in 2025-26 include several leases that have been approved. The '25/26 New/Renewal - Approved' Approved schemes doesn't include the depreciation for the ROU funding approved for two dilapidation provisions due to be utilised during the year as the depreciation is already included in 'Transitioning from 22/23 plus new/renewals approved prior to 25/26'.

2025/26 Unapproved schemes: This includes the leases projected to commence during 2025/26. The movement in 2025/26 Unapproved schemes from Month 5 reporting is mainly due to leases either slipping into the next financial year or being no longer required.

There is a validation error on Table Q in relation to the Lease repayment value matching Table E's reduction in RRL. This is due to Table E reporting the Approved schemes only (in line with Line 3) and excluding the Unapproved Schemes as WG guidance was to only include in Table E those schemes where there is certainty that the scheme will be approved. As there is a possibility that the schemes could 'slip' into next year/beyond and no formal confirmation from WG there is insufficient assurance of certainty to include the Unapproved schemes.

**18. Governance Arrangements**

The financial information reported in these Monitoring Returns reflect those reported to the Health Board. These Monitoring Returns incorporate the financials of the following hosted bodies: -

- EMRTS

In the absence of the Chief Executive, the monthly monitoring return submission will be approved by Dr Richard Evans (Medical Director and Deputy Chief Executive) and for the Director of Finance by Samantha Moss (Deputy Director of Finance).

These Monitoring Returns will be circulated to the membership of the Health Board's Performance and Finance Committee on 28<sup>th</sup> October 2025.

Yours sincerely,



**DARREN GRIFFITHS**  
**DIRECTOR OF FINANCE**



**ABIGAIL HARRIS**  
**CHIEF EXECUTIVE OFFICER**

Jan Williams, Chair  
NHS Financial Management  
Mr Jason Blewitt, Wales Audit Office

